

The Assembly met at 8 a.m.

Acting Clerk: — It is my duty to inform the Assembly that Mr. Speaker will not be here to open today's sitting.

Prayers.

ORDERS OF THE DAY

GOVERNMENT ORDERS

Membership Changes on Rules Committee

Hon. Mr. Hodgins: — Mr. Speaker, I would like to move the following motion:

That the list of members comprising the Special Committee on Rules and Procedures be altered by deleting the names of members McLaren, Shillington, and Taylor, and substituting the names of members Hodgins, Toth and Lingenfelter therefor; and that the Special Committee on Rules and Procedures examine the rules, procedures, practices, and powers of the Legislative Assembly; and further, that the changes in the membership of this committee may be effected during an intersessional period by the appropriate Whip or Acting Whip of a party giving notification of such a change in writing to the Clerk of the committee; and further, that this committee be instructed to submit a report to the Assembly at the first meeting following adjournment.

Motion agreed to.

COMMITTEE OF FINANCE

Consolidated Fund Loans, Advances and Investments

Saskatchewan Power Corporation

Vote 152

Item 1 — Statutory

Mr. Shillington: — My question to the minister is for what purposes the money is being borrowed?

Hon. Mr. Berntson: — Well the statutory appropriation is for various capital requirements at SaskPower. A couple of examples would be rural gas distribution and the rural underground line burial, the RUD (rural underground distribution) program. I forget what they call it, the RUD program.

Mr. Shillington: — What percentage of the program has been completed, Mr. Minister?

Hon. Mr. Berntson: — You're talking about the RUD program? Your getting into some details that I wouldn't normally have at the tip of my fingers, but I think we are now three years into the third year of a 20-year program, so I couldn't tell you precisely what percentage of the program has been completed.

Mr. Shillington: — Undoubtedly, Mr. Minister, part of this is also to cover the débâcle at Rafferty dam. Mr.

Minister, with respect to the Rafferty dam . . . With respect, Mr. Minister, to the rural gas program, does the . . . I don't know whether you have it with you or not, but do you have a schedule for completion over the years? Can you tell us what you intend to do when . . . do you have such a schedule you could send us?

Hon. Mr. Berntson: — On rural gas programs so much depends on the sign-up. It's kind of demand-driven and while there are areas that we might like to do, to sign up may not be enough in that area to make it feasible to do it. I think we're into year six of that program, and my recollection is that there are two years to go, and after those two years are up we anticipate that the vast, vast majority of the province will be done. And I think the average capital expenditure in each of those years would be somewhere around 20 to \$25 million, but I'm going from memory.

Mr. Shillington: — Has the corporation done a financial analysis of delivery of gas to rural customers? I'm certain you have; you must have given that to PURC (public utilities review commission) at a time when it was in existence.

Mr. Minister, I'd be interested in knowing whether you . . . the corporation makes money delivering natural gas to rural customers, loses money, and if so, what the figures are. I appreciate the minister might not have that at his fingertips, but you must have it in the corporation, and I would appreciate your undertaking to sent it to us.

Hon. Mr. Berntson: — You're right, there has been an analysis done. It's similar to — and I'm not talking in degree, I'm talking in concept — it's similar to when the electrical grid was build across rural Saskatchewan. And during that period, installations were done at significantly below cost and at a flat rate. I think the flat rate, when the electrical installation or the electrical was done, for the average farm the hook-up was about \$500.

We have done that analysis and I can provide the member with the costs, the breakdown of that analysis. But you can appreciate, since this is statutory appropriation, I don't have that kind of detail here today.

Mr. Shillington: — Mr. Minister, which leads me to another more philosophical question of you. I think undoubtedly the minister is correct. Undoubtedly when the telephone system was put in in the early part of this century, the urban areas subsidized the rural areas. No one complains about that in Saskatchewan because the old saying, what goes around comes around, the prosperity of the urban depends upon the prosperity of the rural areas. Undoubtedly that was also done with the electrical system. Unquestionably there was the economics of running electrical lines in the late '40s and early '50s to farms did not make sense, in and by itself, isolated from urban areas, to the economy of the province. That must be unquestionably true of gas lines as well.

(0815)

All of which leads me to the wisdom of turning all of this

over to a private concern. One could understand a private company coming to conclusion that they should adopt something in the nature of user pay, that each area should pay its own way. That would make good sense from the point of view of a private company and its shareholders — makes very poor sense from the point of view of this province.

Which leads me to ask, Mr. Minister, about the wisdom of privatizing a public utility. I have many concerns about privatizing a public utility, one of which is that these valid social policies cannot be made to fit very neatly into the philosophy of a private corporate structure. Mr. Minister, in addition to commenting on that, if you care to, I wonder if you'd tell us where you think the privatization of SPC (Saskatchewan Power Corporation) is.

I don't know if the minister will take wild objection to that and will say that you're not privatizing SPC, you're privatizing SaskEnergy at this point in time. Mr. Minister, there's no such thing as SaskEnergy, except in promotional literature; it's all SPC. So I wonder, Mr. Minister, if you'd tell us . . . I knew that would wake up members opposite. Mr. Minister, I wonder if you'd tell us where the government is with respect to the privatization of the gas side of SPC.

For the minister's benefit, in case you weren't in the Assembly last night and have not had a chance to review *Hansard*, your colleague from Indian Head-Wolseley, I think it's fair to sum up his comments on the same question by saying that he anticipated a response . . . a favourable . . . by favourable, he meant a green light from the Barber Commission to go ahead with the privatization of SaskEnergy, and thereafter the government would do so.

I wonder, Mr. Minister, if you concur that that is the likely course of events.

Hon. Mr. Berntson: — I don't know if anticipate is the right word. I have a high degree of optimism, based on what I've read in the media relative to the presentations made to the Barber Commission. And I think when that economic analysis is done by the Barber Commission as to the benefits of a privatized SaskEnergy, I at least feel a degree of optimism that people will come to understand that there is a significant benefit in a privatized SaskEnergy. And I would expect, after the filing of the Barber Commission report, that government will have a decision to make as to whether to proceed or not. You will recall that's the very reason that the Barber Commission was sent out.

Mr. Shillington: — Mr. Minister, are you in any way affected by the fact that this debate has been going on for months; public opinion now is even more solidly against the privatization of SaskEnergy that it was when you began. Mr. Minister, are you in any way affected by that incontrovertible fact?

Hon. Mr. Berntson: — You say it's an incontrovertible fact. I think it's a matter of interpretation put on these various issues by whoever it is that happens to be on their feet at the time. You will take your point to its extreme, and we tend to take ours in the other extreme, and that

unfortunately is the way this place works.

I think if you look at the polling that was done at the time that the potash nationalization was going on, it was an incontrovertible fact that the people of Saskatchewan were in opposition to that nationalization. I'm sure if you took the polling at the time that Weyerhaeuser-PAPCO (Prince Albert Pulp Company) deal was done, it was an incontrovertible fact that the people of Saskatchewan were against that deal.

I think following the nationalization of the potash by the Blakeney government that it became quite popular, at least for a time; likewise with several other initiatives that have been taken. But no government worth its salt is led by the polls. They have to display leadership, do what they believe to be right, and the ultimate poll comes approximately every four years.

Mr. Shillington: — Nominally at least, Mr. Minister, you're still the Government House Leader. Mr. Minister, do you anticipate this being done at a fall session? The same question was asked of the member from Indian Head-Wolseley last night, and he's indicated we ought to ask the Government House Leader. So I'm following the advise of the minister, as I always do, and I'm asking the Government House Leader.

Hon. Mr. Berntson: — I think that was very good advice, and you were well advised to follow it. I think the decision as to whether or not absolutely there will be a fall session has not yet been taken. I hope there is. We will know over time, over the . . . during the intercession there will be a committee dealing with the changes to the rules. There will be a Barber Commission report to be filed. There will be, I suppose, one or two other items of interest that may have to be dealt with in the fall.

Then again, it may be determined that there's no compelling reason to come back in the fall. Assuming that the Barber Commission report and the decision of government is to deal with SaskEnergy, I would hope that they would be dealt with in a fall session. But my crystal ball at this point isn't all that clear.

Mr. Shillington: — Clouded, I think, by the storms of privatization. I think that privatization has kicked up a bit of dust in your crystal ball, Mr. Minister. Let me say that if you could find a way to sell privatization, the cloudiness in your crystal ball would disappear. If you can't find a way to sell privatization, you people have a very serious problem heading into the next election.

Mr. Minister, all indications are that the public of Saskatchewan do not want this, and I think therefore that you have a very serious problem. Mr. Minister, I want to get on to what in the long run is just a serious problem, and that is the débâcle at the Rafferty dam.

Mr. Minister, I'm not going to repeat the litany of stupidity and mismanagement which preceded this problem. Suffice it to say, Mr. Minister, that for . . . I was going to say months, it's really for years, people have been warning you, and members of this Assembly have been warning you, and members from Regina Rosemont has been particularly energetic in warning you that you were

headed for disaster on this thing, that the warnings were really twofold.

One was that there was insuperable environmental problems, environmental problems having to do with an overly shallow drainage basin; environmental problems having to do with stock growers in the area, some of the best range land in the southern part of the province; having to do with the wildlife, the flora, the fauna. All of those matters, Mr. Minister, you chose to ignore.

In some ways that's your prerogative. It's equally the prerogative of the public to ask you to pay for that error. In some ways that's your prerogative. What is not within your prerogative is to disregard the law of the province and to seek overtly to subvert that process, as you clearly did.

It is apparent, Mr. Minister, from the literature and from the material we have, some of which arrived in brown envelopes — the Minister of Finance is not here to cry break-in — but some of which arrived very legitimately through the avenues of the federal government, indicates, Mr. Minister, that you sought to subvert the environmental process; you sought to avoid it. And the end result that that effort to subvert and avoid the environmental process caught up to you.

You now, Mr. Minister, have a very expensive problem . . . (inaudible interjection) . . . Well the member from Maple Creek will do doubt want to get into this; she's just a well-spring of knowledge on the subject. To every sentence that I make, she says wrong, wrong, wrong. I really look forward to the . . .

An Hon. Member: — Her vocabulary's limited.

Mr. Shillington: — It doesn't seem to include the word "right." Mr. Minister, as I was saying before the member from Maple Creek began to assist us with this discussion, you have . . . you ignored what I think are sound and valid arguments with respect to the environment in a day when the public is increasingly intolerant of people who place and of governments who place development over environment.

There was a day not very long ago, and it's within my political career, when the developers have the public ear and the environmentalists were thought of as being some kind of freaks. Mr. Minister, that's really changed now. Environmentalists are very much in the mainstream; indeed, I wished I had Mr. Petrie's column of a couple of day ago from the *Leader-Post* with me, in which he aptly described the Premier of this province as paying lip-service to environmental issues when he's before the national television, and totally ignoring them when he's back at home making policy decisions.

Mr. Minister, that has been what you've done. Mr. Minister, you people clearly put development ahead of the environment. You clearly made that decision. As I said, that to some extent is legitimate. I think the public disagree with you, and I think the public are going to exact what from your point of view may be a very stiff price for ignoring public opinion on the issue. What you had no right to do whatsoever was to avoid and subvert

the environmental process.

You had no right to be doing that at all. It eventually caught up to you. It eventually meant that the project has been halted, with no real time frame within which it might begin. It is conceivable — and if it were, I don't know what you'd do with the mess you've got down there — it's conceivable it may be a very long time, if ever, before that project restarts.

Mr. Minister, all of this has been brought about because you people (a) ignored public opinion on the environment, and (b) sought to subvert the process.

Mr. Minister, I wish you would be candid with this Assembly and with the public of Saskatchewan — the limited number who might be watching at 8:30 in the morning — I wish you would tell us, Mr. Minister, where you think this project is going from here on. What are you going to do with this monumental mess you've created in the south-eastern corner of the province?

Hon. Mr. Berntson: — Mr. Speaker, the hon. member talks about showing lack of concern of for the environment and ignoring public opinion.

Before I get into all of the environmental consideration that was given to the Rafferty-Alameda-Shand projects, I simply want to point out that members opposite sometimes . . . well, as a matter of fact there was an interview I heard on the CK morning talk show with the environmental critic not that long ago, talking about Rafferty, and then the interviewer threw a curve at him and said: well you're not without sin — what about the PCB (polychlorinated byphenyl) spill at Federal Pioneer that you covered up? His response was, well, it was different then because environment and environmental issues were not a public concern then as they are today.

The fact of the matter is the environment needed protection then; it needs protection now. Whether there was public concern or not, that member had an obligation to protect the environment then as now. Nothing's changed — the environment is as fragile then as it is now.

Now there were three kinds of opposition to the Rafferty-Alameda-Shand project, Mr. Speaker, and I can understand all kind of opposition. There's the opposition, Mr. Speaker, that you would expect would come from the landowners that are affected and impacted upon by the development of the project, and you expect that kind of opposition and you do what you can to compensate in a way as to be fair and to be seen to be fair.

Another kind of opposition, Mr. Speaker, comes from what I call the pure environmentalists, and any disruption of Mother Nature they are opposed to. And if they had their way absolutely in the world, we wouldn't have a Wascana Creek; we wouldn't have a Diefenbaker dam; we wouldn't have a Wascana Lake; we wouldn't have a Diefenbaker dam; we wouldn't have Boundary dam — we wouldn't have any number of these things, Mr. Speaker. Any disruption of Mother Nature at all, they oppose.

(0830)

The third kind of opposition, Mr. Speaker, is political opposition, and we have seen that in a very, very major way, Mr. Speaker. These people for no other reason than their own cheap political moves, Mr. Speaker, mounted just horrendous opposition against this project, a project which has given more environmental consideration to this project than any other project in the history of western Canada.

Mr. Speaker, the Boundary dam, Mr. Speaker, is built on a tributary to the Souris River. That basin, Mr. Speaker, is even more shallow and a smaller basin than is the Souris River, yet members opposite tell us that the Souris River dam, the main stem of the basin, simply can't work even though it's probably 10, 15, 20 times as large as a drainage basin — I don't know how much larger, but very, very much larger. I mean, the argument they make just simply doesn't hold water.

They talked about no environmental consideration, Mr. Speaker. The Shand project is the first project — and the world is watching this — it's the first project, Mr. Speaker, the first electrical generating project designed to optimize what we call LIFAC technology, and designed, Mr. Speaker, for the coolant to be zero discharge.

Now zero discharge is fairly attractive, Mr. Speaker, even if you're using the purest of water. But in this case, Mr. Speaker, there is zero discharge, and in addition, effluent from the sewage system of the city of Estevan is being used as a coolant. So if you take this effluent that heretofore has been dumped into the valley, Mr. Speaker, and you're now using it as coolant and there is zero discharge — none — it would seem to me that people would applaud that this step has been taken and that zero discharge has been designed into the system.

Now with the LIFAC technology, Mr. Speaker, the emissions, the acid emissions will be reduced by up to 85 per cent — 85 per cent — that's every bit as efficient in terms of taking out the particulate emissions as would be a wet scrubber. A wet scrubber today, Mr. Speaker, for that size of a plant would cost in the neighbourhood of 130, \$140 million. The LIFAC technology, Mr. Speaker, designed into that project, and I'm ballparking it, but I would say would be 20 and \$30 million, Mr. Speaker. Those are very significant environmental considerations that the world is watching.

Some other environmental considerations, Mr. Speaker, in the Rafferty-Alameda project, there will be no net loss of wildlife habitat; there in fact will be enhanced water-fowl habitat, Mr. Speaker, and this at a time — I mean, we're living in the middle of a desert down there; there's been no water management. In any event, Mr. Speaker, again my recollection may not be absolutely right on, but my recollection is that marshland, wetlands where water-fowl like to nest, will be increased by something in the neighbourhood of 30 per cent as a result of this project.

And all I have to do, Mr. Speaker, is point to Wascana — point to Wascana. I wasn't around prior to that dam being built, but I'll bet you a dollar you didn't find the geese

then that you do now. Point to Diefenbaker, and the Gardiner dam and Diefenbaker Lake — I mean, there weren't white-tailed deer there until they had something to drink, maybe a few camels, more camels than deer perhaps, I don't know.

But the fact of the matter is, Mr. Speaker, this Rafferty-Alameda-Shand project was given more environmental consideration than ever any project in the history of western Canada. Now he tells us, Mr. Speaker, that we sought to subvert the process, and that is absolute nonsense, Mr. Speaker, absolutely nonsense.

The fact of the matter is, at all times we were operating under a valid licence, a valid licence. Someone from central Canada decided to go to the federal court and challenge the process of the federal licence issued with several conditions on it. And the court rules that because there was federal lands in the flood plain, that that could be considered to be a federal contribution and therefore the federal guide-lines should apply. The court rules that. And there was a stop work order issued, and immediately that that ruling came down, we stopped work.

Now we were not a happy group of people when we had to stop that project, a very major project, significant in terms of environment, significant in terms of economic development, significant in terms of jobs for people in Saskatchewan, significant in terms of power generation, Mr. Speaker. And we were very disappointed that that happened. What I was even more disappointed in, Mr. Speaker, is that members opposite took such glee, such delight in the stopping of this very important project for Saskatchewan.

He asked me where the project is today. The project to this very day is stopped, and costs us \$2 million a month while it's sitting there waiting for the federal decision. I am hopeful — I wish I could say that I was really, really optimistic — I am hopeful that the feds will soon make a decision. Every day at this time of year you can appreciate that people start to worry about freeze-up coming sooner or later. And every day that we lost on the front end could cost us a year on the back end. Because if that dam hasn't progressed far enough to contain next spring's run-off, we will have lost one full year in that project. And that's a horrendous price to pay for members opposite to get their political glee, Mr. Speaker.

I mean, that's where the project is today, Mr. Speaker. I hope . . .

An Hon. Member: — Tory judges stopped it.

Hon. Mr. Berntson: — Tory judges! I hope very, very soon, Mr. Speaker, I hope that the licence will soon be reissued so that we can back to work on this very important project.

Mr. Chairman: — Order. The statement of the member for Regina Centre and the statement of the minister in charge of SaskPower are totally unrelated to the statutory loan. The statutory loan, as I understand what the minister said, was for pipeline. I don't understand how it's related. It's Saskatchewan Power Corporation, the statutory loan for natural gas service, and it seems to me

that it's totally unrelated to the . . . (inaudible interjection) . . . There are rules of this House to follow.

Order, order. I allowed the member from Regina Centre to try and relate his question to the statutory loan, and I allowed the minister to respond, but I think if we're going to run this committee as it should be run, that it should be related to the statutory loan. There's certainly other areas where these things could be brought up, under Executive Council, or there's different areas where these questions could be asked. I'm not trying to limit the legislature in their questioning, but I can say there is other estimates that any member can get into and ask any questions they like.

Mr. Shillington: — Mr. Minister, Mr. Chairman, on a point of order. I began this procedure by asking the minister what the \$180 million was to be used for. He said it was to be used for various capital projects. He did not say, nor could I think he honestly say, that the money will be entirely be used for bringing gas to rural areas.

There are three major capital projects, one of whom is the Rafferty dam. This money, if the Rafferty dam is restarted, as he fervently hopes it will be, clearly some of this money will be used for the Rafferty dam, Mr. Chairman. And the questions, Mr. Chairman, with respect to these capital projects are general in nature.

Mr. Chairman: — Order. Certainly I've said that if the member relates it to the loan, it's a fair question. So the member . . .

Hon. Mr. Berntson: — Mr. Chairman, if I can speak to the point of order. It's absolutely true that I said that the statutory appropriation would be used for various capital projects, and I named a couple of examples. It's not true that Rafferty is one of those capital projects. Rafferty, in fact, is a capital project of the Souris Basin Development Authority and not of SaskPower. I suppose if you stretched a long enough bow you find that there would be some capital appropriation from Power to the Souris Basin Development Authority. But in the strictest sense, we're talking about SaskPower, not Souris basin development.

Mr. Shillington: — Mr. Minister, in that regard, I point out for the benefit of the Assembly that with the split of SaskEnergy and SaskPower, there simply isn't any money left in this corporation to build very much of anything with. I assume the retained earnings are going to go with SaskEnergy. It's they who have accumulated them. I make the obvious point, Mr. Minister, that when you hive off SaskEnergy, you rob this company of its profit making capacity because that's where all the money's been made. Presumably you rob it of all of its retained earnings as well. Any capital project from now on in SPC is going to require money to be borrowed. There is no profit generating capacity left in that corporation once you split them.

Mr. Minister, I want to make one short comment on your comments. Now I know my friend from Regina North East wants to ask some questions. Mr. Minister, you've referred in your comments to a spill of certain PCBs, and you . . . Mr. Minister, let me just for your benefit recount that little bit of history. It is true, Mr. Minister, that there

were PCBs spilled. It is true that there was an attempt to conceal that. It's also true that certain people paid a price for that — at both the ministerial level and at the official level some people lost their jobs. Mr. Minister, that's the system. At your level it's a high-risk job. If you make as kind of serious mistakes which you've made over the last year, then you leave. That's the nature of the job; it's a high-risk job.

I make the obvious point, Mr. Minister, that if that was fair ball — as you seem to think it was, because you refer to that incident — if that was fair ball in the '70s that a minister who makes that serious an error leaves, then Mr. Minister, it seems to be fair ball now, and I wonder, Mr. Minister, why your resignation hasn't been handed in.

Hon. Mr. Berntson: — Mr. Speaker, I think that was a weak attempt at humour. The fact of the matter is, Mr. Speaker, I don't believe that we have made any assault on the environment, as members opposite did back in the days of the PCB spill. In fact, Mr. Speaker, every consideration imaginable, and some beyond the imagination, in the Rafferty-Alameda-Shand projects have been given, Mr. Speaker, and that . . . I'm very confident, very confident, Mr. Speaker, that at the end of the day that project will stand the environmental scrutiny of the federal review process, and anybody else, fair-minded person that wants to look at it. I have that confidence, Mr. Speaker. I wish I had the same kind of confidence that we could get it back on track in time that we wouldn't miss a full year of the construction schedule. I know that it will stand the environmental scrutiny, Mr. Speaker; it's a very good project and every environmental consideration has been given.

(0845)

Mr. Tchorzewski: — Thank you, Mr. Speaker. Mr. Minister, I've been listening to this discussion, and I want to assure you that we do not find in any way humorous the kind of boondoggle that you're created with this operation. Well I seem to have got the attention of the member from Regina South, Mr. Chairman. It's good to know that he's awake.

Mr. Minister, we do not find that humorous, and neither do an awful lot of Saskatchewan people whose money you have blown to the tune of almost \$40 million before you really had any authority to do so. You talk about this being a political issue and that somehow politics has scuttled it for you. You know that that's not correct. Politics didn't scuttle this project, Mr. Minister. It's your government's bull-headedness and mismanagement that's scuttled this project.

Maybe this project will not go ahead in the end anyway when the full environmental impact studies are done. That's not the question here that we're addressing. The question, I think, that's important here is the fact that you people, this Conservative government decided in its wisdom — I'm not sure it could be called wisdom — to ignore the law and to do a political project in spite of the law, without going through all of the steps that were necessary to make sure that the requirements of the law were adhered to.

I'll give you some examples, Mr. Minister. You went ahead with the project before there was adequate hydrology data available. The federal preliminary studies showed that. You did not have updated hydrology data. There was no water management plan in place. The Minister of the Environment in his estimates admitted that. It's on the record that he still does not have a water management plan in place, but you said, go ahead.

There was no water quality analysis in place. He's still doing the work on that, he says in his estimates, but you went ahead. Surely, Mr. Minister, that is pretty clear evidence of what was taking place here.

Now you want to accuse the Saskatchewan and the Canadian Wildlife Federation of being political. Well you may go ahead and do that. I don't think they are political; I think they are a very large organization and some very concerned citizens who think about the future and don't think about only the immediate politics of the member from Souris-Cannington or the Premier of Saskatchewan. I'm sure that they're not any more interested in the politics of the member from Regina North East or the member from Regina Centre. They are interested in the ecology and the environment and the future of wildlife in Saskatchewan and in Canada, and they did the responsible thing.

And I really think that's it's really quite atrocious that you would attack them in the way that you attacked them by saying that oh, they were politically motivated and therefore somehow they got this scuttled. They didn't scuttle it. They only brought a case to the federal court, and the federal court said the federal government had not adhered to the law.

So I want to ask you a question, Mr. Minister. I want to refer you to a memorandum from your constitutional branch in the Department of Justice of the Government of Saskatchewan of October 30, 1986, in which it said:

The guide-lines which have been issued with respect to EARP (Environment Assessment Review Process) state that the purposes of the process to ensure that the environmental effects of federal projects, programs, and activities are assessed early in their planning before any commitments or irrevocable decisions are made.

And it included in that . . . it was referring to the need for a federal environmental study before a licence is given. This was advice given to you, Mr. Minister, your government. It included in that things like, under the guide-lines, things like environmental effects on area of federal responsibility. There was federal land involved here. That was federal responsibility. There was the transfer of water into the United States and into the Souris . . . into Manitoba. That was federal responsibility.

You went ahead knowing this, Mr. Minister, because it was given to you by your constitutional advisers in a memorandum on the date that I have indicated. I ask you, Minister, why then, knowing this information, did you go ahead and put at risk tens of millions of dollars of taxpayers' money?

Hon. Mr. Berntson: — I will point out, Mr. Speaker, that the member opposite is probably getting it quite a bit away from the statutory appropriation here. But having said that, I'm prepared to be a little bit tolerant and respond to the question.

If you listen carefully to what the member opposite said, Mr. Speaker, he said that this government broke the law, and he said it before. This government broke the law, he said, in proceeding with that project. Mr. Speaker, it has been pointed out at least a thousand times that was not the case. The court has said that that was not the case.

Anybody that has read the judgement handed down by Judge Cullen knows full well that that is not the case. What Judge Cullen said was that the federal government acted beyond its jurisdiction. The federal Minister of Environment acted beyond its jurisdiction in issuing the licence. That's what he said. At all times in Saskatchewan we acted under a valid licence, at all times, Mr. Speaker. But that member, that member stands up, every time he stand up, distorts the fact, Mr. Speaker, as a matter of fact, flips it right upside down, and says the Government of Saskatchewan was acting outside of the law.

In addition to that, Mr. Speaker, conditions that were attached to the licence included such things as assured water quality, assured no net loss of wildlife habitat, assured flows at the borders, Mr. Speaker — those were conditions that were attached to the licence. Now, in the preliminary federal document that he was sitting there waving a minute ago — that one, the yellow one — the member has said that this wasn't done, and this wasn't done and this wasn't done. I don't have it in front of me and I don't have all the detail tucked away in my neatly organized little mind. That was a figure of speech.

But, Mr. Speaker, if you go through the list of deficiencies according to them, you will find that most of them were either conditions to the licence, Mr. Speaker, or they had otherwise been dealt with. I don't know what the feds will ultimately decide on this matter, but by expectation is that they will say exactly as I have just said. That's a preliminary document, and I'm sure that they have found weaknesses in that document, although I don't know that to be fact.

Mr. Chairman: — Order, just for the record, on this statutory vote, it seems that members have given themselves leave to discuss this project; so I just wanted to make sure that I got that on there.

Mr. Shillington: — Okay, thank you, Mr. Chairman. Mr. Minister, one of the predominant features of SaskPower over the years is it has had very heavy capital requirements. That perhaps stem from the fact that we live in a world which uses increasing amounts of energy. We begin by developing the cheap sources of energy, and I guess we move to develop sources which have higher capital requirements. But it is undoubtedly true that over the years, one of the major uses of capital has been SPC.

When this government took office, there was approximately \$3 billion in debt in total. The vast majority of that was owed by SPC for a variety of different capital projects. Mr. Minister, I have every confidence

that SPC is going to continue to have very large capital requirements. There are only two sources of capital — one's retained earnings, and two is borrowing, and that's it. There aren't any others.

Mr. Minister, I've already expressed my concern that when you take this gas side out of SaskPower, you're removing that company's ability to make money. Over the years it is the only portion that's made money; the electrical portion — and I'm looking at page 8 of the annual report . . . I'm sorry, I'm on the . . .

An Hon. Member: — Have you got the right year?

Mr. Shillington: — I've got the right year; I've got the wrong page. Mr. Minister, the page is 18, not 8. Mr. Minister, if you look at page 18 you will see that over the last 10 years the gas side has always made money; the electrical side has always lost money. Of the \$560-odd million in retained earnings, Mr. Minister, 591 million in retained earnings, 485 of that has been accumulated by SaskEnergy.

Therefore, Mr. Minister, when you take out of SaskPower, SaskEnergy, you remove its ability to make money and you remove its ability to accumulate retained earnings. That's another concern I have with respect to the splitting of these two corporations . . . (inaudible interjection) . . . The member from Morse says that's precisely why they're doing it. I really fail to understand why the public should be left with the side of the corporation which loses money, and the private investors should get that side which makes money, but that's a little outside the parameters of the statutory vote.

What is squarely within the parameters of this statutory vote, Mr. Minister, is who's going to get those retained earnings? Do I take it, Mr. Minister, that in the event that SaskEnergy is privatized, the retained earnings of the corporation will be split proportional to their accumulation, and that SaskEnergy will get 485 million and SaskPower will get the balance, which is \$106 million? Will the retained earnings be split proportional to their accumulation?

Hon. Mr. Berntson: — Mr. Speaker, he's reading from the annual report, and I'm not critical of him for that. As matter of fact, I'm happy to see that he's reading at all.

An Hon. Member: — I read every annual report . . .

Hon. Mr. Berntson: — Good. Let me just say this, Mr. Speaker, I would be prepared to deal with that kind of detail in a Crown Corporation Committee, and I have taken note of his concern, Mr. Speaker, and I will give it all due consideration.

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

**Consolidated Fund Loans, Advances and Investments
Saskatchewan Economic Development Corporation
Vote 148**

Item 1 — Statutory

Mr. Lautermilch: — Thank you, Mr. Chairman. Mr.

Chairman, I would like to start by asking the minister some questions regarding the new loans programs, particularly the participating loans, working capital loans that are to be administered by SEDCO. And I note that the participating loans have no scheduled principal and interest repayment, but that they will be based on the profitability of the business. And I note as well in the working capital loans the same kind of arrangement exists.

I'd be interested to know, Madam Minister, what the criteria for repayment . . . specifically, over what time period that might be. And as well, I'd like to know what the interest rates may range between, because it doesn't appear that there's any indication that there's a ceiling or a bottom line in terms of the interest. And I'm wondering if you might be able to help us out with that today.

(0900)

Hon. Mrs. Duncan: — Yes, the participating loan, you're correct in saying that it does not have a scheduled principal and interest payments. Those payments are based on the profitability of the company. So that . . . I could give you an example. If we lent out, say, \$100,000 under the participating loan program to a business and, say, in the first year they made of profit of \$24,000, about a quarter of that would go to pay the interest and the principal.

It's a five-year . . . generally we've set them as five-year loans. The interest rate, I believe, is in the neighbourhood of 20 per cent. So if they don't make a profit in the first year and make a profit in the second year — it's a little complicated but it really isn't; it's quite simple to understand — the profit would go to pay the majority of the interest cost plus a little bit on the principal.

Mr. Lautermilch: — I find it interesting, Madam Minister, that you would be asking businesses to be repaying loans on a 20 per cent level. Do you not feel that the 20 per cent interest rate is a little exorbitant?

Hon. Mrs. Duncan: — No I don't, because of the nature of the program. You must understand that when these programs, the four new programs were developed, we had widespread consultation with the business community, with the banking association, with the credit unions. We think it's fairly fair. The participating loan, from a conventional lenders point of view, is not viewed as debt and actually improves the debt/equity ratio of a company. The banks, the credit unions are treating this, our portion of the loan, because there is no schedule repayment provisions in it, they are treating this loan also as equity which levers more money. So the business community do not view it as being exorbitant.

Mr. Lautermilch: — Are you telling me then, Madam Minister, that the business community were asking for a 20 per cent interest rate on these programs?

Hon. Mrs. Duncan: — What the business community was asking for, in response to the members question, is a vehicle to increase the debt/equity ratios of viable companies. As I said, the programs were instituted after consultation, and very broad consultation, with the

business community and the banking association and the Credit Union Central in our province.

We think that we have come up with a very fair array of programs that really do go a long way to address some of the problems in our small-business community. They are being really well accepted. We are dealing with, I believe, in excess of 300 applications under the participating loan program itself. So I believe that the business community likes the make-up of the programs and the applications and the inquiries would tend to bear that out.

Mr. Lautermilch: — Well, Madam Minister, in terms of the applications and the inquiries, I do believe that the programs will be . . . a lot of people will be looking at them, simply because of the fact that there are so many small businesses in Saskatchewan that are facing economic difficulties. But I would want to point out to you, Madam Minister, that a lot of businesses are in financial difficulty, not only because of your government's mismanagement but because of burdens that are placed on them because of interest rates from loans that they have outstanding.

And you know as well as I know that interest on these loans will be paid out of profits of companies, and the growth margins of profits don't expand simply because you've got a new participating loan; the gross margin of profit in a business just doesn't expand that way, and a 20 per cent interest rate is, in my view, Madam Minister, gouging. You're not being fair to the small-business community by adding another 20 per cent interest on whatever this loan might be. You're not doing that business any good in the long term because all you're doing is adding debt burden to the business; you're taking out of profits and profits that could be recirculated in that business and make that business and help that business grow. You're taking a 20 per cent interest rate out of that business, and it's simply too high.

You could be looking, Madam Minister, at a lower interest rate, one would hope. We're not arguing with the concept of the loan programs. What we're saying is that this government, who would want to be fair to the business community, is gouging. And I want to say, Madam Minister, in three or four years, do you expect that the vast majority of these businesses are going to be able to afford to repay a 20 per cent interest rate loan?

Hon. Mrs. Duncan: — Well I believe that this program, as I said before, will go a long way to address some of the problems that we do have out there. I think you have to understand that many of the conventional lenders are pulling back on their loans, not only to the agricultural sector but to the small-business sector. And I can just reiterate that these programs go a long way to fill that void that has been left, and it's being accepted by the business community.

Mr. Lautermilch: — Well, Madam Minister, I will agree with you that the conventional lending institutions have been cutting back on loans to the business community in Saskatchewan, and it's because they have little faith in the economy of this province because of seven years of mismanagement by this PC government. That's why

small businesses are having some problems.

As a matter of fact, Madam Minister, even SEDCO is having some problems with certain parts of the business community in terms of willingness to have them become involved in some of these programs, because the business community . . . and I'll give you an example. The hotels association are getting mixed signals from your department, from SEDCO. They're getting mixed signals in terms of one of your officials will indicate that the hotel industry isn't acceptable as candidates for these loans because of the instability in the industry, and a week later your department has to reverse itself and apologize to hoteliers telling them that well, by golly, maybe we'd like you to re-apply.

The hotel industry, just as one example, has faced many, many bankruptcies, foreclosure, and doors closed on that industry. One week you tell them that they're not eligible for the loans; the next week you change your mind and you say, well, by golly, we made a political mistake. You can apply again. But if they do receive them you're just going to add another 20 per cent interest rate.

Why didn't you pursue an interest rate of something like perhaps two over prime, maybe one over prime, or maybe prime? Why did you subject these loans applicants to a 20 per cent interest rate when you've got millions of dollars for Canapharm, when you've got millions of dollars for Guy Montpetit, when you've got millions of dollars for Peter Pocklington? You go to the small-business sector in Saskatchewan and ask for 20 per cent. Why didn't you pursue a one over prime interest rate policy as an example, Madam Minister?

Hon. Mrs. Duncan: — With regards to the hotels in our province, I would indicate to the member that SEDCO view hotels as small businesses, and hotels can apply to SEDCO. We do have a policy with SEDCO that we do not finance hotels in the large urban centres. We do have hotels in rural Saskatchewan on our portfolio.

With regards to the interest, I mean, you can quibble it should be this, it should be that. But what you have to understand is that the government is sharing the risk with the small business. I can also say to the member that I have not had one letter expressing concern or, as you say, outrage over the interest rate. The repayment terms are based on the profitability of the company, a certain portion going to interest and a certain portion going to the principal.

We have dealt with approximately 300 applications to date. I'm not sure how many have been approved, but I can just reiterate that I believe that the business community looks upon it as being a very fair and equitable program. It's very innovative and it's being accepted in the business community.

Mr. Lautermilch: — Well, Madam Minister, I think part of the reason that you aren't getting letters complaining about the 20 per cent interest rate, as I have been getting, and inquiries as to why that rate is 20 per cent, is because people have no faith in you and the way you're running your department.

Madam Minister, I have in my hand a letter addressed to a hotelier in Saskatchewan dated June 30, where the manager of one of your regional branches tells him, and I want to quote. It says:

As a matter of clarification, SEDCO's participating loans are not available for motel/hotel operations; that this is a highly competitive industry that should be serviced by conventional lenders.

Madam Minister, you're sending a signal on June 30 that you don't get involved. On July 7 you have the acting director of the participation division turn that decision around and indicate that the manager's letter was not in fact correct and the information wasn't correct. What kind of co-ordination do you have in your department so that your front line people understand what these programs are about?

I think, Madam Minister, it's pretty clear that the funnel is blocked somewhere and the information isn't getting to the front end. Either that, or you really don't want to be lending to the hotels and the hoteliers in this province, that you have no faith that the industry is economically viable, and you have no intention of helping it to become economically viable. Madam Minister, when people enquire at the business resource centres about the program, they're shunted from one place to another because nobody knows what's going on down there. And I want to ask you, Madam Minister, why is there this lack of information to your front-line people? How are you handling your department that this would happen?

Hon. Mrs. Duncan: — I think, Mr. Chairman, that the member had asked that question in question period and it was clarified at that time. With regards to our new programs, all the business resource centres in the province are very aware of the programs. We have had seminars initially with the business resource managers. We also had seminars with the rural resource managers so that people coming off the street, quite often that's the initial contact they have is with the business resource centre in their area, and information is available there. The business resource managers will sit down and help develop a work plan for the person making in inquiry, and then it goes on to SEDCO, so for the member to say that there's no information out there, that is just not accurate.

Mr. Lautermilch: — Well, Madam Minister, I think it's a little disappointing . . . a couple of things. First of all, I would like to talk about your statement that the small-business community should be taking some of the risk. And I agree that they probably should take some of the risk, would probably want to see a fairer interest rate than 20 per cent, which the members on this side of the House have complained about since 1986 when I've been in here and the high interest rates in the '80s which were caused by the policies of the federal government.

You have been chastising members on this side of the House who don't control interest rates as a provincial government and you know that, but when you do have an opportunity and you as government have an opportunity to set an interest rate on a loan policy, what is it? It's not

nine and three-quarter or it's not 10 per cent; you come in here with 20 per cent interest rate, and on the other side of your mouth you complain about the high interest rates of the 1980s. Well is it any less or more or a burden on the business community in 1989 than it would be in 1980. Can you explain that, Madam Minister?

Hon. Mrs. Duncan: — The member opposite talks about high interest rates. I would remind him that high interest rates have been around for some time. They did go down during a period in the 1980s, but this government has always put a safety net in place, not only for home owners but for farmers and other groups.

I can only reiterate, Mr. Chairman, that I have not had one letter. And the member refers to hoards of letters that he has expressed concern and outrage at the high interest rate of the repayment of the participating loan. I would think that if he had those letters, he would have contacted me by now. So I actually don't believe he has any letters.

(0915)

Mr. Lautermilch: — Well, Madam Minister, one of the reasons that you won't see those letters is because of the way you intimidate the business community, and people are afraid of your government because of your vindictiveness. That's one of the reasons members on this side are leery to share any of that kind of information with you because you're a ruthless government, and the people out there know it.

Madam Minister, you talk about businesses sharing the risk with SEDCO. What's the difference? And what the difference is, Madam Minister, is that you expect the small business in Saskatchewan to deal with Cargill, a multinational grain corporation, you're willing to let the people of this province take the risk. And that's the difference, and that's why people are upset with the kind of policies that you're delivering. There's one set of rules for Cargill and there's one attitude toward Cargill, and there's another attitude for the small business community in Saskatchewan.

Your friend Guy Montpetit from Montreal can come in and bilk the people of this province out of \$5.25 million, and what did he have at risk, Madam Minister? He had zip at risk. He lived like a millionaire for six months or a year, sold you a bill of goods, sold you technology that isn't working — and you know full well it's not working — and cleaned out of that GigaText corporation \$5.25 million.

The folks at High R Doors in North Battleford come into this province; they have little at risk. They pull money in millions out of this province, and they don't have a problem in terms of putting any assets at risk, Madam Minister, but on the other hand you ask the people of Saskatchewan and the small-business people of Saskatchewan to pay a 20 per cent interest rate and absorb some of the risk. Fleet Aerospace, Madam Minister, doesn't have to put any money at risk. You're willing to do that and the people of Saskatchewan put their money at risk. Madam Minister, there's two sets of rules; there's one for your big-business friends, and there's one for Saskatchewan business men and women.

And I want to say to you that people understand that clearly, Madam Minister.

Madam Minister, could you indicate to us how much money the Government of Saskatchewan and the people of Saskatchewan have in place . . . or have spent, or it has up for grabs in the Davisson Twin Arenas corporation? Can you tell us how much money SEDCO has out to that corporation, and what the prospects of getting it back might be?

Hon. Mrs. Duncan: — I would remind the member that this is a statutory allocation; this is not the place to ask for detailed information. This is a statutory appropriation. I can answer questions on broad policy issues, but in the terms of detailed questions, those are best left for Crown Corporations Committee.

Mr. Lautermilch: — Well, Madam Minister, I want to make one point to you. We asked you questions three days in a row on GigaText in Crown corporation estimates, and every question we asked you refused to answer. And if you've forgotten that's the way you handled that, you might want to go back and read the transcript of the Crown corporations estimates.

Madam Minister, your government has a litany of a lack of accountability, and you stand in this House and refuse to answer questions when you've got millions and millions of Saskatchewan taxpayers' dollars at risk. No officials in here to help you with the answers, and I want to tell you why that is, Madam Minister. Because you don't intend to give the people of this province any answers.

Your government, through SEDCO, has been bilking the people of this province out of millions of dollars, millions of dollars that find their hands into the pockets . . . that find their pockets empty, the people's pockets empty and the pockets of your friends full. And that's why you've got no officials in here with you today, Madam Minister, because you don't intend to answer.

I want to ask you if it's policy, Madam Minister, that you would allow some business men to come in with a proposal, to build a privatized ice arena, qualify them for loans of \$1.57 million? Is it your policy that you're so unaccountable to your friends that you will allow them to come in, qualify for a \$1.57 million loan, start building an arena, have the lack of funds to finish it, and that you're satisfied with that, Madam Minister?

Hon. Mrs. Duncan: — Mr. Chairman, I would like to make one thing very clear to the members opposite. I am not refusing to answer questions. With regards to Crown Corporations Committee, I answered the questions that I could answer. And time and time again I had to repeat to the members opposite that SEDCO is a lending institution not unlike a bank or a credit union, and because we are a lending institution, detailed financial information of any of our clients is never divulged.

SEDCO has been around for 26 years, Mr. Chairman, and not once under this administration or the former administration were details of the financial workings of a client ever discussed.

With regards to not having officials here, officials never appear in estimates, Committee of Finance, during statutory allocations. With regards to the hypothetical case the member just talked about — that's hypothetical.

Mr. Lautermilch: — Madam Minister, it's not a hypothetical case, it's happened. There's a lawsuit filed against Davisson Twin Arenas corporation by the Saskatchewan Economic Development Corporation. It's real and it's a lawsuit for \$1.57 million. And I'm telling you Madam Minister, that there is a lack of accountability in terms of your refusal to answer questions either in this House or in Crown Corporations. You're making a mockery of the legislative process, Madam Minister. You put up hundreds of millions of dollars of taxpayers' money, and you come in this place and you refuse to answer. In Crown corporation estimates you refused to answer. We ask you, three days in a row, questions on GigaText in terms of the \$5.25 million and you refused to answer there.

Madam Minister, can you tell us, is it your policy to hide your government's bad business practices by refusing to answer both in here and in Crown corporation estimates?

Hon. Mrs. Duncan: — Mr. Speaker, with regard to the lawsuit that is before the courts, I think the member knows full well that members, cabinet members or members, cannot comment on issues before the courts. Therefore, yes, I am refusing to comment on that particular case because I cannot comment on it and the member knows full well.

I believe that SEDCO in the last seven, eight years has been strengthened. It has been managed very well. It is helping to promote diversification within our province. I think the member knows that approximately 120 or so loans were made by SEDCO last year to the value of almost \$40 million, and the majority of those loans, Mr. Chairman, in fact about 83 per cent of them, were written for less than \$250,000, and in fact more than 50 per cent of them were for loans of less than 50,000.

So SEDCO is alive and well in the province of Saskatchewan and fulfilling its mandate to promote and encourage diversification and job creation in the province.

Mr. Anguish: — Thank you, Mr. Chairman. Madam Minister, I wonder if you can tell us what the policy is at SEDCO when SEDCO has ownership in a company. I don't know whether you'd call it a joint venture, or if you're a shareholder in a company; what's the decision making process as to how you end up selling that particular company? If you, say, own 25 per cent of a company and somebody else owns 75 per cent of a company, how does SEDCO make the decision to in fact sell that company when they're not a major shareholder, Madam Minister?

Hon. Mrs. Duncan: — Well, Mr. Chairman, unless SEDCO has full control of a company that's in trouble, we would be unable to facilitate a sale. There are times when SEDCO will put a receiver into a business that is

experiencing major difficulties. We will do an assessment of the business to see whether it can be restructured so it would become a saleable item.

I believe the member asked this question in Crown corporations, and because it's a very complicated matter, because there's various components to it, we had given the member from The Battlefords the commitment that we would put it down precisely in writing. I don't know whether he's received that yet or not.

Mr. Anguish: — Well no I haven't, Madam Minister. In fact, any question I've ever asked you, whether it's in Crown corporations or whether it's in this legislature, any question, Madam Minister, you've even taken notice of, you never have given me an answer to, either verbally following, or in writing. So no, I don't have that information.

But we're dealing with a case, Madam Minister, and then the member from Prince Albert asked you something, you said it was hypothetical. I'd like you to explain to us, Madam Minister, a real case that you would be familiar with where you own 25 per cent of a company, the other 75 per cent is owned by someone else. The shares are held in escrow. How can you make the decision to in fact sell that company? I want you to tell us what your policy is, what the procedure is whereby you as a minor shareholder can announce that you're going to sell a particular company that is indebted somewhat to SEDCO.

Hon. Mrs. Duncan: — Well without going into major detail, as I said to you before, if SEDCO had a client and we had taken a 25 per cent position in the company, or even up to, say, 40 per cent, we could not facilitate a sale of that company unless we would become the major or controlling shareholder, and that has been done in the past with a number of companies, as I understand, where SEDCO does become the major shareholder, and then sales are facilitated.

I would remind the member that this is a statutory vote. This is a statutory vote, and I would not want to get into definite detail on individual companies.

Mr. Anguish: — Well I didn't yet ask you about any individual companies; I asked you about an example. I never mentioned a name of a company. But you know that it's a real example, and I'm asking you how you can in fact sell a company that you're not a major shareholder in.

Are there any companies in Saskatchewan that SEDCO is a major shareholder in at the present time, Madam Minister?

Hon. Mrs. Duncan: — I wouldn't have that information here, Mr. Chairman.

Mr. Anguish: — Are they are companies in Saskatchewan that you're a minor shareholder in, Madam Minister?

Hon. Mrs. Duncan: — Again, I wouldn't have that kind of detail. But the member knows that SEDCO does have

interests in various companies across the province.

Mr. Anguish: — Madam Minister, when you're dealing with a company — I'm asking you for your policy — and you're a shareholder, say you have 25 per cent of the shares in a company and then somebody else, of course, would have the other 75 per cent of the shares in the same company, now if it so happened that those shares were placed in escrow, what does that mean, Madam Minister? Does that mean that your 25 per cent then takes over controlling interest of the company, or in fact do not the 75 per cent of the shares that are held in escrow still have a controlling interest in the company?

Hon. Mrs. Duncan: — Mr. Chairman, there are ways. Sometimes SEDCO will negotiate to take controlling interest of a company that is in difficulty, thereby gaining control of that company. It's a negotiated thing.

Mr. Anguish: — Well how do you do that, Madam Minister? I can't think of a situation where somebody who owns 75 per cent of the company, and if it had a commercial value and you wanted to sell it, why they would give you full authority to sell the company. I don't understand . . . I shouldn't say sell the company, but I can't understand how you would get controlling interest. If I was in business with you and I held 75 per cent of the shares, you held 25 per cent of the shares, I don't know what you could tell me to get me to turn over controlling interest to you, Madam Minister.

(0930)

So though I hear what you're saying, I want you to tell me the procedure whereby you would negotiate getting controlling interest of a company in which you only have 25 per cent of the shares in that company and someone else has 75 per cent of the shares. Could you just please tell me the procedure by which that takes place?

Hon. Mrs. Duncan: — As I said to the member a question or two go, we had given him the commitment that we would provide him in writing certain procedures that SEDCO goes through. I normally would not take part of any negotiations as minister, so I would just say that there are ways of negotiating controlling interest in companies.

Hon. Mr. Anguish: — How many ways are there, Madam Minister? At least tell me the number of ways that that's possible to do.

Hon. Mrs. Duncan: — I would say to the member that you are now asking for detail that I would not have at my fingertips. I would just say that there are times when SEDCO will negotiate to take controlling interest in a company. Now negotiations can take several forms, as I understand. Suffice to say that we can negotiate to take controlling interest of a company.

Hon. Mr. Anguish: — Well I'm not asking for specifics. I'm asking you for policy, Madam Minister. What's your policy and what's the procedure by which you would negotiate? How many ways are there for a minor shareholder to become a major shareholder without in fact exchanging cash or considerations for the shares of the major shareholder so that you in fact become the

major shareholder? That's the only way I know of. And so I'm asking you a straightforward policy procedural question: what happens that so special within SEDCO that you can become a major shareholder from a minor shareholder, unless it's an exchange of sums of cash to buy enough shares to become the major shareholder? What other ways are there to become the major shareholder, Madam Minister?

Hon. Mrs. Duncan: — Mr. Chairman, I don't have that information here with me.

Mr. Anguish: — Well why don't you have some officials with you so they can answer that? I'm asking you a policy question, a procedural question within SEDCO. I'm not asking you specifics about your dealings with companies in the province. Do you think you could get some of your officials over here to answer that? Because if you take notice of the question, which you didn't even do that, you haven't provided me with the answers from Crown corporations where we had you there for three meetings questioning you about GigaText. So when could we even expect to get that? Won't you get some officials here this morning to answer those questions?

Just a very simple question I asked you about the procedure you would use to become a major shareholder, if in fact there is another procedure outside of exchanging cash for shares so that the minor shareholder becomes the major shareholder.

Hon. Mrs. Duncan: — Mr. Speaker, officials do not attend Department of Finance, particularly when statutory votes are being discussed. The policy of . . . (inaudible interjection) . . . This was decided in 1978, Mr. Chairman, 1978, the ruling on statutory votes was formulated by the opposition.

With regards to what is the policy of SEDCO, the policy of SEDCO would be to encourage and support economic diversification in the province. That is our prime mandate, and it's working very well. Of course there are times when you do get some companies that get into a financial difficulty. There are times when we have to put a receiver in and actually put the company into bankruptcy. That is done with great and grave consideration to the shareholders of the company, to the employees of the company, but we also have an obligation to protect the assets of the people of the province through whatever would have been put up for collateral. So that is the mandate, and the prime objective of SEDCO is to encourage and support diversification through the small-business sector in the province.

Mr. Anguish: — Madam Minister, you say that officials don't attend. Why then last night in this legislature when Telephones appeared before the Legislative Assembly in Committee of Finance there were officials here with the minister? Can you explain that to us, why one minister might bring officials and you don't when you can't answer questions that we ask you about policy.

Hon. Mrs. Duncan: — No, I don't know why the minister would have had officials here because officials normally do not attend Committee of Finance.

Mr. Anguish: — I think you find you're getting into trouble in the dying days of the session and don't want to answer questions. That's why you don't have officials here.

Some Hon. Members: Hear, hear!

Mr. Anguish: — Madam Minister, I don't know whether you recognize it or not, but the company I was using for example was GigaText, the company that you have announced is going to be sold or there's interested buyers in. So I think that we're very interested in that because there's a couple of things that we would want to know from that. One is that, how did you get controlling interest of the company when we're only a 25 per cent shareholder to be able to sell it in the first place. And if you could tell us that procedure, then when you do in fact sell the company, who gets the money from the sale? Does it all come to SEDCO, or does the 75 per cent go to Guy Montpetit in Norlus? So that's the company I was using for an example, but you couldn't even tell me the procedure and the policy of SEDCO in that regard.

I want to go to another item, Madam Minister, and it has to do with the situation when SEDCO would not be a shareholder in the company, but SEDCO would have a loan out to a company. Now when SEDCO provides a loan to a company, I'm sure they do the appropriate credit checks, and they would determine whether or not the company that's receiving the loan from SEDCO could in fact service the debt. Is that correct, Madam Minister?

Hon. Mrs. Duncan: — Yes, a due diligence would be put on any application to SEDCO.

Mr. Anguish: — Well how could it be, Madam Minister, where there is a company who has received substantial sums from SEDCO, and then that company does not pay their bills to local suppliers, doesn't pay their bills to some major suppliers, it ends up getting liens placed against the certificate of title because of debts not being paid, and then SEDCO would lend more money to that company.

Can you tell me what the special procedure, the special policy of SEDCO would be in that regard where a company is obviously not paying their bills, whether or not it's a bad business practice of they're in financial trouble, why in a situation like that would SEDCO give even more money to a company in that situation, Madam Minister?

Hon. Mrs. Duncan: — Again, Mr. Chairman, the member is asking for details of a client. He may think he's sort of pulling the wool over the eyes of the people of Saskatchewan, but he isn't.

In general terms, to the member from The Battlefords, if a company starts to experience problems, we would normally send a person into that company, because quite often they come to SEDCO to seek some type of help to alleviate their own situation. We will suggest certain things be done if more money is needed to sort of boost the company. Quite often SEDCO does put on conditions to advancing further money, or even an initial loan will have conditions attached to it such as supplying SEDCO with quarterly or sometimes monthly financial

statements.

If it's a matter of advancing more moneys, there may be a condition put on of issuing joint cheques or jointly signed cheques, so the people at SEDCO are very astute. They understand the dynamics of business, and they go out of their way to try and make any or all of their clients as profitable as possible.

Mr. Anguish: — Well, Madam Minister, this diligence. I have here a certificate of title and it's to a company that you do business with. And just let me go through this certificate of title, Madam Minister, and you tell me what the procedure at SEDCO would be, what the policy of SEDCO would be.

On April 8 of 1987 there's a \$300,000 mortgage in favour of a city. On May 14 of '87 there's a \$1.5 million mortgage in favour of SEDCO. On May 14 again, there's a \$300,000 mortgage in favour of SEDCO. On May 9, 1988 there's a \$200,000 mortgage in favour of SEDCO.

Then, Madam Minister, the builders' liens start. There's one, two, three, four, five builders' liens. There are two other builders' liens that were discharged. But after five builders' liens that still exist, and many local businesses who have not been paid but have been sent letters by a receiver that you put into the company, after all these debts are outstanding, on January 16 of 1989 SEDCO gives another \$400,000 to this particular company.

Now what is the policy of SEDCO in a situation like that? There's not a commercial lender in the world would give an additional \$400,000 to such a company, because they obviously aren't paying their bills.

You say you're being diligent. A check by anyone who cares to go and look at the Land Titles Office would tell that you couldn't have checked this out very well because of all the builders' liens against the particular company. Why would you give another \$400,000 to such a company? What is the policy of SEDCO in a situation like this, Madam Minister?

Hon. Mrs. Duncan: — Mr. Chairman he has specifically asked for specific details of a client of SEDCO's, and he knows that that is out of order.

Mr. Anguish: — I never asked for a single detail. I never mentioned the name of the company. If you know the name of the company, that's good, Madam Minister; I give you credit for that. But I never asked for any detail.

What I stated to you was that there's a company who received money from SEDCO, to put it very simply. There are builders' liens filed against the particular company, there are a number of outstanding debts, and SEDCO gives another \$400,000 to the company. I'm asking you, what is the policy of SEDCO in a situation like this where they would give more money to a company that obviously does not pay their bills? What is the policy at SEDCO, Madam Minister?

Hon. Mrs. Duncan: — I gave him the policy of SEDCO about two questions ago, Mr. Chairman. Obviously the member from The Battlefords is not listening. I told him

that SEDCO often does set conditions of a loan approval. Conditions may require filing of monthly or quarterly or half-yearly financial statements with SEDCO. The conditions may require that cheques issued by the company be co-signed by SEDCO. A condition may be to go out and raise another X number of dollars in equity, so there's a broad range of conditions that can and often are attached to either new loans or increasing loans to existing clients.

(0945)

Mr. Anguish: — Madam Minister, a lot of the loans that you've made in recent years have been to large companies operating in Saskatchewan, and if you'd care to listen to me instead of talking to the member from Regina South, I'd appreciate it because this is a question to do with policy. If he want to jabber around, he should maybe try and take over SEDCO himself.

Madam Minister, I ask you, in a case where there is a company defaulting on a loan and SEDCO is the main creditor, if you put a company into bankruptcy or receivership, you have first dibs on the money if there are no other creditors or financial institutions listed. I want to know, Madam Minister, whether you can give us your firm assurance that small businesses that are owed money by a company that's received their money exclusively from SEDCO can in fact be paid out prior to SEDCO receiving their money?

Hon. Mrs. Duncan: — Mr. Speaker, what I would say to the member, there are statutory laws in place to deal with situations like that and it's very specific.

Mr. Anguish: — Well what is it; how specific is it? I want to know what your policy is, if you go in and close down a company that you've put a receiver into place, if you close a company down and the only financial institution involved in the company is SEDCO, is there assurance that suppliers and small businesses and employees get all the money that's due to them?

Hon. Mrs. Duncan: — If a company is in that type of financial difficulty that SEDCO would put a receiver in, Mr. Chairman, the receiver is put there to ensure that statutory requirements are met.

Mr. Anguish: — What are those statutory requirements, Madam Minister?

Hon. Mrs. Duncan: — Well there could be a broad range of things. There could be creditors of the company, there could be . . . a company might have an outstanding guarantee, all of those things. There a whole host of things.

Mr. Anguish: — I'm asking you, you incompetent minister, whether or not if you are the only financial institution dealing with a company, that company has a receiver put in by SEDCO, if that company is put into bankruptcy on the recommendation of the receiver by SEDCO because you're the only financial institution, what is the policy of SEDCO to ensure that employees and suppliers and small business are paid out, or do you just take your share of the money and say to heck with you small-business people and employees and suppliers.

What's your policy?

Hon. Mrs. Duncan: — We deal with it in the normal way. There are statutory requirements. Yes, we would want to see if that business could be sold to ensure that there is enough cash to pay out employees. There may be outstanding federal taxes or provincial taxes. So it's a procedure that goes on, it's very orderly, on how things unfold. And I can't add more than that.

Mr. Anguish: — Why can't you add more than that? You're the minister in charge of SEDCO. I'll repeat this one more time. You're the only financial institution dealing with a particular company — the only financial institution. So in the world of commerce and business you would have first call on the money if a company went into bankruptcy. That is fact, Madam Minister. What I am saying, because you are a publicly operating financial institution, if a company goes into bankruptcy and there isn't enough money left over to pay out the indebtedness to SEDCO, would you give your assurance or is it the policy of SEDCO that employees get what's coming to them, that small business and suppliers also get what's coming to them. Or do you take all the money and run back to Regina and put it in the bank?

Hon. Mrs. Duncan: — There is an order, I believe, in any bankruptcy case. There is an order on priority of payment. We follow those. The receiver goes in; he'll look at guarantees; he'll look at a whole host of things. Each business would be different. There isn't a set rule that would cover every situation of every bankruptcy or receivership in the province. So each one is looked on as an individual case by the receiver, and recommendations are made forthwith.

Mr. Anguish: — I understand that. I am asking you, as a minister of the Crown in charge of SEDCO, if you have some kind of compassion for small businesses and suppliers and employees in a case where you lend money, even after you knew the company was in dire financial trouble, if you liquidate the company and there's not enough money to pay SEDCO — would you give your assurances as minister at least, that the small businesses, the suppliers and the employees get everything that's due to them before SEDCO takes all the cash, goes back home, puts it in the bank and says, oops, just another bad experience.

Can you tell us, Madam Minister, whether you can give us that assurance that those people will receive their money without SEDCO taking it all?

Hon. Mrs. Duncan: — Mr. Chairman, the function of a receiver is to try to reorganize and save a company. That's the job of the receiver. And each company that's in receivership is different. The receiver is put in to ensure that the statutory requirements are met; the receiver is put in to try to salvage a company. And that's the general policy of SEDCO is that if there is a way of saving a company, we bend over backwards to see that that may happen.

We are always concerned about the jobs involved with individual companies and we try to, you know, facilitate

a sale, a buy-out by the employees, a buy-out by another company. And as I said, the receiver is put in; SEDCO doesn't liquidate the company, if it has to be liquidated, it's the receiver that liquidates the company. And as I understand, the statutes are specific on bankruptcy and what things have to be followed.

Mr. Anguish: — I know that, Madam Minister. I'm asking you about a policy of SEDCO. If an out-of-province company comes into Saskatchewan . . . are you listening, Madam Minister, or are you going to carry on with the Minister of Urban Affairs there? No wonder you can't answer the question because you don't hear it.

Mr. Chairman: — Order. I don't think there's room for those kinds of statements in committee. Order. I've allowed a very broad ranging debate, and in fact . . . Order. In fact, the questions don't seem relevant to me to the statutory item that's before the committee. But it seems like the members have given leave to get into this debate, between themselves, so I would ask the member to . . .

Mr. Anguish: — Well I'd like to ask you a policy question, Madam Minister, and I thought that you stated we could ask policy questions but can't seem to get into any specifics.

What is the policy of SEDCO in a situation where an out-of-province firm comes in, they receive a loan from SEDCO. The only financial institution providing capital is SEDCO; the company then doesn't pay their bills, SEDCO gives some more money to an out-of-province company to do business in Saskatchewan. Then we find that there's more small-business people that aren't getting paid. Some file builders' liens, some don't file builders' liens; some are large amounts, some are small amounts. SEDCO puts in a receiver into the company and everybody, as you indicated, Madam Minister, hopes the receiver can turn the company round and make it a viable going concern so that employees have their jobs and bills get paid.

Now what would the policy be, Madam Minister, where this out-of-province firm could receive in excess of \$2 million, say, from SEDCO, and while small-business people that have been in Saskatchewan for many years aren't being paid, if, if the company goes into bankruptcy on the recommendation of the receiver, Madam Minister, would you give your assurance as a compassionate cabinet minister towards small-business people in Saskatchewan that if there isn't enough money to pay off all the amount owing to SEDCO, would SEDCO allow any indebtedness to employees, suppliers, or Saskatchewan small business be paid without you taking all the money from the receiver in the liquidation of the sale of a company?

Hon. Mrs. Duncan: — What I will give my assurance to the member from The Battlefords is that is SEDCO appoints a receiver for any company, that all statutory obligations will be met.

Mr. Anguish: — In statutory obligations, Madam Minister, in some cases the small businesses that have operated in Saskatchewan wouldn't receive a cent

because there might not be enough money left over after SEDCO is paid out. So I'm not asking you about statutory conditions.

Would it be a policy in SEDCO where you could say if there are 10,000 or \$100,000 in bills owing to small-business people, would you give your assurance that those bills would be paid before the statutory conditions are met, because the statutory conditions would say the money goes to SEDCO.

But what about the Saskatchewan business, Madam Minister? You can give millions of dollars to companies who come in from outside of the province, but when those companies don't pay their bills, and if there's a possibility of a bankruptcy, and the company, if it goes into bankruptcy, when it's liquidated you would take all the money.

Don't worry about statutory conditions in this case. How about standing up for Saskatchewan business and making sure those companies in Saskatchewan, when a company is liquidated that's owned from outside of the province, you don't take all the money. Leave the statutory conditions and make sure that these small-business people, suppliers, and employees are paid the money that's owing to them. Can't you give us your assurance on that, Madam Minister?

Hon. Mrs. Duncan: — I will one more time tell the member that when SEDCO appoints a receiver — which is not very often because normally it's the traditional lending institution that will put in a receiver in a company, because it's not very often SEDCO is the sole source of funding to companies — I would again reiterate that if SEDCO puts a receiver into a company that's in difficulty, the first goal is to see if that company can be reorganized or restructured in such a way as to make it either be able to continue under the same name or to restructure it in such a way as it becomes a saleable company, thereby continuing the operation of that company, whether it's manufacturing and processing, and a continuation of the jobs that are there.

If that cannot be accomplished, then the receiver would ensure that all statutory obligations are met, and that's all I'm going to say on the matter.

Mr. Lautermilch: — Madam Minister, it's pretty clear you're going to say little on any matter in this House today, and it's pretty clear that you're not being accountable. If you look at the annual report, your equity position is increasing dramatically in the businesses that you've become involved in. And mostly, I believe, Madam Minister, that's because you've been switching your loan position into a position of equity in failing businesses.

And you stand in this House and indicate that you, Madam Minister, will totally ignore debts owed to small, independent business people in Saskatchewan by companies that you bring in that end up going bankrupt, or that end up in a position where they can't pay their bills. And you see, Madam Minister, that's the kind of control you've got on the money that you're putting out to the small-business community . . . to the businesses that

you're funding through SEDCO.

(1000)

And my colleague was relating to High R Doors in North Battleford, but that's not the only example, because you're keeping other businesses that aren't viable afloat. There's other examples around this province. There's an example that we talked about in this House during question period for weeks and days on end — the GigaText scandal. You've just loaned a bunch of more money to the Canapharm operation, and if you liquidated the assets and paid off the liabilities, it'd be \$40,000 in the hole. And there has to be a point, Madam Minister, when you're going to start using taxpayers' dollars effectively, and when you're going to start having to put that money into the small-business community as opposed to into the pockets of your friends.

And I look at the 1988 report and I look at your chairman of the board, who should be here today but isn't, because you changed policy this year so that you didn't have them here to give you the answers and you could claim, well, we just don't know. And I want to quote from his statement in the 1988 annual report. He's talking about the people of Saskatchewan:

They want us to help, but not to waste their money on lost causes or undeserving cases.

Well, Madam Minister, just look at your record and just look at the list. Just look at the list of businesses who have taken you for millions of dollars, millions of taxpayer's dollars when you could be putting this money — and it could be policy and it should be policy to put this money into the hands of Saskatchewan independent business men and women so that they can create jobs opportunities for Saskatchewan people. But instead you tie yourself to businesses that keep requiring more and more SEDCO involvement, businesses that never show a profit and never will. And it's not a concept that the people of this province will understand, nor will they accept.

And you become involved, Madam Minister, in other ways. And I'd like to know what your policy is regarding Saskatchewan businesses and what kind of involvement . . . what is the policy in terms of involvement to try and turn around companies that are in financial difficulties. To what extent will you become involved, Madam Minister?

Hon. Mrs. Duncan: — I think, Mr. Chairman, I've already answered that question. If a SEDCO client gets into difficulty, they often come to see SEDCO officials to discuss their situation. At times we put in an accounting firm to do an assessment to revise an existing business plan. We sometimes can assign a SEDCO person to help with the month-to-month financial dealings of that company.

As I said, the foremost direction of SEDCO is to promote and encourage sustainable economic activity in the province, so we look at ourselves as a lending institution. If requested, we will take sort of a hands-on position in that we will either put people in there or contact a firm

that could go in there to advise and help our clients.

Mr. Lautermilch: — Madam Minister, in terms of hands on, I believe that to be the case as well. Is it the policy of SEDCO to ask members of the Executive Council to put pressure on Saskatchewan businesses or Saskatchewan operations to use the services of corporations that you have invested heavily in and that are having very difficult economic times, consistently losing money? Is it your policy to ask members of the Executive Council to become directly involved to have people purchase the supplies that they offer?

Hon. Mrs. Duncan: — No, it isn't. In fact, our client list is confidential. It is not shared with either members of the Executive Council or members in the House. We did publish a 25th anniversary booklet which lists a number of our clients, but those listings are with the permission of the client. We are, as I said, a financial institution, and therefore our clients must deal with us knowing that confidentiality is maintained and adhered to.

Mr. Lautermilch: — I think you missed the question, Madam Minister. What I'm asking is, does SEDCO approach members of the Executive Council to pressure different governmental departments or to pressure, oh, as an example, hospitals, school boards, to purchase the supplies from one of the corporations that SEDCO may be involved in in terms of either equity or in terms of a loan.

Hon. Mrs. Duncan: — I indicated to the member, no.

Mr. Lautermilch: — Well, Madam Minister, I find that a little strange in that I have before me a letter from the Deputy Premier who indicates to the president of a corporation that SEDCO is involved in, and it's all public record, indicating that he will . . . he's giving basically a commitment that institutions will be using the supplies that they produce. No mention whether it will be tendered, and if their tender is successful that they will get the business — just indicating that it will happen. Is that the policy that SEDCO would ask, as an example, the Deputy Premier to become involved?

Hon. Mrs. Duncan: — SEDCO works closely with an agency called Buy Saskatchewan, which is recognized throughout the province as one of the best programs that have been brought in by this government, and it's a highly successful agency. We will direct clients in manufacturing and processing areas to make contact with Buy Saskatchewan. But you're intimating that there's pressure, and there is no pressure.

Mr. Lautermilch: — Well, Madam Minister, I would want to say in terms of the Buy Saskatchewan program, there's no member on this side of the House that has a problem with that. But I think what we are concerned with is that the tendering system in this province be fair and be open, and it certainly hasn't been under this administration. And what we're suggesting to you, Madam Minister, is that some of these operations may in fact have some minister of this Crown putting pressure on government departments — as examples, hospitals and school boards — in order to purchase supplies from corporations that SEDCO has put money into, either in equity or loan

fashion.

And I say, Madam Minister, that people are looking for a fair and honest system of tendering that they haven't been seeing from this government, and they're looking for some changes in terms of that.

Madam Minister, I would like to know if you would be so kind as to indicate to us, SEDCO, as I understand it, was set up as a lending institution; when you look at the financial statements over the years under your government, there has been increasing numbers of dollars turned into equity positions as opposed to loans. Your free enterprise government, I would believe, would be of the philosophical belief that government should be a facilitator, not an owner.

In light of the privatization that's been going on in this province, it's pretty clear that you don't believe in public ownership of many assets, yet I note in the financial statements, the financial positions on a yearly basis indicate that you're becoming more and more involved as an owner through SEDCO than as a lending institution.

An example I might want to use is the Canapharm operation where there was some \$4 million of loans turned into equity. And I'm wondering, Madam Minister, is that in tune with your philosophical beliefs that the equity SEDCO owns in these businesses is acceptable? Or do you feel that perhaps SEDCO should be in less of an equity position but more as a lending institution and a facilitator of loans for businesses in Saskatchewan.

Hon. Mrs. Duncan: — Well as I've stated on many occasions, SEDCO is a government financing institution, and there are times when it's advantageous to take an equity position in a particular company. SEDCO would prefer to loan outright in conjunction with another traditional financial institution, and most of our loans are not outright, you know, the only source of funds. We normally co-fund or co-support businesses. As I said, last year our portfolio had a value of approximately 40 million, and over 50 per cent of that money were in loans of less than \$50,000, mainly to centres outside of Regina and Saskatoon.

So from an overall point of view, I think that SEDCO is doing a fine job in the province in helping to stimulate economic activity, and hopefully it will continue to do so.

Mr. Lautermilch: — Madam Minister, could you perhaps tell us what conditions would cause you to transfer a loan to a corporation in to an equity position?

Hon. Mrs. Duncan: — Those things are done . . . the assessment is done on an individual case by case basis, so there's no specific policy.

Mr. Lautermilch: — Madam Minister, I would want to suggest to you that when this happens, for the most part, it's to bail out a corporation that you want to make economically viable. That's basically what it is. And for the most part I would also suggest to you, Madam Minister, it doesn't happen in the case of Saskatchewan businesses. I would suggest that when you get involved in an equity position, for the most part it's out-of-province

operators that come in here to start a particular enterprise.

And I would give you an example, Madam Minister, of Canapharm, where Saskatchewan people started and were operating Canapharm. They got in some financial difficulties. An out-of-province corporation was willing to come in, as were the people who were operating it, but instead of allowing the Saskatchewan business people to continue operating it and make it economically viable by transferring that loan into an equity position, you chose to take an out-of-province operator and turn your debt into equity for the out-of-province business, the out-of-province corporation. Is it your policy, Madam Minister, to support out-of-province business people over Saskatchewan business people? Have you little faith that Saskatchewan business people can operate a business such as Canapharm?

Hon. Mrs. Duncan: — It is SEDCO's policy to, after due diligence is applied, to support any business in the province, any existing business, any business that would want to move into the province.

Mr. Anguish: — Madam Minister, in the case where SEDCO is the sole financial institution providing capital to a business operating in Saskatchewan, before that company can incur further indebtedness, do they have to receive the permission of SEDCO to do that?

Hon. Mrs. Duncan: — That would be a condition that may be placed on a case by case basis, as I told you about three times so far this morning. Quite often when SEDCO makes a loan to a company, there are certain conditions attached, which are not an unusual thing to do, that may be so.

There is not set policy. We look at each loan application on an individual basis and quite often attach conditions to that loan.

Mr. Anguish: — Madam Minister, what's the policy of SEDCO in regards to audits on people that you . . . or businesses that you lend money to?

Hon. Mrs. Duncan: — SEDCO does not do audits on each client that is within our portfolio. I believe, and I would have to verify this, I believe that as the loans to SEDCO are being paid off, there may be a requirement, a time or two or whatever, to file financial statements, audited financial statements with SEDCO. I don't know if that's on in every case or whether it's done as a condition of the loan.

(1015)

Mr. Anguish: — What are the determining factors for SEDCO to decide whether or not you in fact will do an audit on any particular company?

Hon. Mrs. Duncan: — I'm not aware of SEDCO appointing an auditor to go into a company that's current. We may, if a company comes to us and says they're in some difficulty. I believe at that time we may appoint a firm to go in and do an assessment which may include an audit.

Mr. Anguish: — What's to stop a company from getting, say, a \$2.3 million loan from SEDCO and then just taking the money and fleeing the province and leaving a bunch of debts around and not paying SEDCO back? What is there to safeguard against it if you don't do audits unless the company is defaulting on their loan?

Hon. Mrs. Duncan: — Well in the case of SEDCO, we would have our assets secured to cover that particular loan. There may be personal guarantees in place. SEDCO normally would have first dibs on the assets of a company that we're doing business with.

Mr. Anguish: — Well, Madam Minister, what would SEDCO do in a situation — what's your policy if a company abuses the funds or does not use the funds for the purpose in which they intended to use them? Does SEDCO not have some way of monitoring especially large loans that are given out to companies that are not performing a good track record? There must be some kind of policy for SEDCO to go in and check once in a while as to what's going on in the company.

You must want to check before you would give them more money. You'd want to check to make sure that you're in some position where you would have some assurance that you would get back the schedule of payments that you set up with the company. Surely, Madam Minister, there must be some policy whereby you do periodic checks on companies that you lend money to, and I just want to know what that policy is. Are you saying it's just a totally ad hoc policy? Don't you have some procedure, some policy to ensure that companies are doing what they say they're doing when they receive the money from SEDCO?

Hon. Mrs. Duncan: — Well, yes, I indicated to you that any time that there's a loan application to SEDCO, due diligence is done on that request, on that application. The financial viability of the company is looked at. If it's a brand-new loan application, part of our due diligence would be to see that a proper business plan is in place, that the projections of that business plan are reasonable. We would ensure that assets covering the size of the loan application would be there and would be secure. So yes, we do have a policy and the policy is due diligence.

Mr. Anguish: — Well then why don't you follow that policy? I gave you an example earlier today, because I know you can't go into specifics, so I outlined some specifics for you off of the back of a certificate of title. And how can you say there's due diligence when a company has bills outstanding all over the place and you would give that company another \$400,000? How do you call that due diligence when local businesses aren't being given their money for the services they performed, but yet you give this company, which is an out-of-province company, another \$400,000 to continue on business? How can you call that due diligence, Madam Minister?

Hon. Mrs. Duncan: — Mr. Chairman, as I indicated time and time again, due diligence is done whether it's a new loan application, whether it's a request for increased funding to an existing business, due diligence is done. Very often conditions are attached to the loan. Now I'm not going to get into specifics, but I had given the member

a number of examples on several other occasions.

Mr. Anguish: — Well your explanation of due diligence . . . I'm sure your description of that would be far different than any other financial institution in the world. Why would you not insist that a company who has outstanding bills, has liens filed against the certificate of title, before you give a company like that more money, why would you not insist that the first priority of that company would be to pay their bills to local suppliers? Why couldn't you put that in as a condition, Madam Minister?

Hon. Mrs. Duncan: — Very often that is a condition.

Mr. Anguish: — Well then why isn't it always the condition when you're dealing with an out-of-province firm who doesn't pay their bills to local Saskatchewan businesses, you give them more money; why wouldn't that be a condition in all situations where you give money, there's outstanding bills to Saskatchewan people, and then you give more money, why isn't it always the condition that the local bills be paid before you give more money? There's no commercial lending institution that would operate like that, Madam Minister.

Hon. Mrs. Duncan: — As I stated to the member, that's usually a condition of further advance, and quite often there's a joint issuing of cheques.

Mr. Anguish: — So I see. If it's a political friend, you don't put in the condition; if it's not a political friend, then you do put in those kinds of conditions. If it's just a normal person in Saskatchewan, Saskatchewan business doing business in Saskatchewan, you would put in a condition like that. But if it's an out-of-province firm that's a political friend to the government, to heck with the condition, and then you leave local businesses holding the bag but you still give another \$400,000. So do you have one policy for your political friends and another policy for those that are just ordinary Saskatchewan businesses, Madam Minister?

Hon. Mrs. Duncan: — The policies of SEDCO are consistent.

Mr. Lautermilch: — Madam Minister, I want to say to you that this is probably the biggest display of arrogance that any government has ever shows in any legislature in the history of this country.

You have consistently displayed your incompetence. You have displayed in Crown corporations that you will not, you absolutely refuse to answer any questions. You've displayed in this legislature that you refuse to answer any questions that are asked. And I want to say, Madam Minister, that you shouldn't be allowed to get away with it.

I want to say, Madam Minister, that the press should be railing on you and your government from morning until night until you decide to come clean and answer to the people of this province how you're spending their money.

Madam Minister, there are a couple of responsibilities here. One is the responsibility of the opposition to ask you

questions on how you're spending public funds. The other side of that coin is that you as minister have a responsibility to answer as to how you're spending public funds.

And I tell you, Madam Minister, there's a third responsibility; there's a responsibility by members of the press to ensure that if either of the parties in here, either on the government side of the opposition side aren't doing their job, to tell the people of this province exactly what's happening. And I want to say, Madam Minister, I don't believe that that's happening.

There are two parts to that that aren't working. The first one is, is that you're refusing to answer questions as to how you're spending public funds. And the second one is that the press isn't covering the fact that you refuse to answer questions as to how you're squandering taxpayers' money. You sat in Crown corporations for three days, Madam Minister, when we questioned you on GigaText and how you blew \$5.25 million and why you're continuing to spend another \$50,000 a month to keep alive technology that's dead.

Madam Minister, that is your responsibility and you didn't fulfill that. And I want to say to the members of the press, who I see are absent from this gallery, from the press gallery today, that it's their responsibility to show clearly, clearly, why you are an incompetent minister and that you should be removed from your position.

Madam Minister, the press may let you get away with it, but there's one particular group of people who you are accountable to who won't let you get away with it, and those are the million people who remain — or less than a million people now, and dwindling monthly, who remain in this province — and who will have an opportunity at election time to pass judgement on your performance and the performance of the Premier of this province, the performance of the Deputy Premier and other members of the Executive Council.

And I want to tell you, Madam Minister, that the lack of accountability by your government will not go unnoticed. When the Provincial Auditor indicated that you were withholding information and breaking the law on more than one occasion, what was the response of the Minister of Justice? The response was not to say people of Saskatchewan, we believe we've made some errors and we'll correct them. That wasn't the response of the Minister of Justice. Instead he turned around and started a vicious attack on the Provincial Auditor, the man who's here to protect the taxpayers' dollars.

Last year SEDCO, Madam Minister, lost money, over \$8 million, and you refused to come to this House and explain why it lost money or to explain the details of how it lost money. And I say to you, Madam Minister, shame on you. Shame on your government, shame on this Premier for allowing you to perform in this disgraceful fashion in this House. And I say further to that, Madam Minister, shame on the press for allowing the Premier to do that.

Madam Minister, we asked you in terms of Gainers of North Battleford how much money you had tied into that

operation. You refused in this House to answer, time and time and time again. You refused in the Legislative Chamber, you refused in Crown corporation estimates, yet one of your officials, when questioned by a press man from outside of this province, would give him the figure. And I want to say, Madam Minister that the press in Saskatchewan have a responsibility to be questioning you as to why you won't be accountable for the taxpayers' dollars that you're squandering.

You throw hundreds of thousands of dollars at friends of your party. You throw millions of dollars at the Peter Pocklington. You throw hundred of millions of dollars at Cargill, a multinational grain company. And yet when we ask you about those expenditures, you refuse to answer. Madam Minister, you don't deserve the trust of the people of this province. And I want to say to you as well, Madam Minister, you don't have the trust of the people of this province. You're out of touch with your department, you're out of touch with the people of this province, and Madam Minister, you're out of touch with political reality, because you're not going to get away with it. The people of this province will pass judgement on you, and I would suggest it would be a severe judgement when that election is called.

I want to say, Madam Minister, that there hasn't been a more blatant display of incompetence anywhere in this country, whether it be in the private sector or in the public sector. Madam Minister, this government and your Executive Council and you as a member of that Executive Council are a joke. Your administrative incompetence is unparalleled, and the fact that your arrogance, and through your arrogance you refuse to be accountable to the people of this province, is just simply disgraceful. And I say, Madam Minister, you can sit there and smile, but I tell you, if you have the courage to face the people of your riding in an election, I would suggest they'll wipe the smile off your face rapidly.

Madam Minister, there is no sense carrying on questions to you as minister of this corporation. It's an effort in futility because of your refusal to answer. You're making a mockery out of the legislative process. You're making a mockery out of the British parliamentary system, and I say to you, it's a shameful display.

Madam Minister, I have a list of questions that would give the people of this province, if you should decide to answer them, an indication of just how incompetent your government is and how you've been squandering taxpayers' dollars to fill the pockets of your friends. But because you have no belief in this system, and because, Madam Minister, you refuse to be accountable, we may as well discontinue these estimates.

You make a total mockery of the budgetary process. Your Finance minister presents a budget prior to the election that is \$800 million out. Madam Minister, the people of this province will pass judgement on you. And with that, Mr. Chairman, I will quit my remarks. I would think, Madam Minister, you would want to go back to your office and think over the mockery that you have displayed here today, the mockery for the system and the government that we represent in this province. Madam Minister, I end only by saying shame on you. What a

disgusting display!

(1030)

Hon. Mrs. Duncan: — Mr. Chairman, I think the press is not here this morning because of the type of display just shown by the member from Prince Albert-Duck Lake.

As a member who has sat in this Chamber for 11 years, I can say, as I have said to my constituents in a letter, that I have never sat through a session that has been so acrimonious, so highlighted with personal insults from the members opposite. They have reduced the level of decorum in this House, Mr. Chairman, to unprecedented levels. I said, Mr. Chairman, in Crown Corporations Committee, time and time and time again, I have a duty as a minister of a Crown to maintain, to maintain and uphold the principle of confidentiality with regard to SEDCO clients.

Mr. Chairman, not once in the 26 years of SEDCO has detailed financial information been shared with the committee. That was a principle that was upheld by the New Democrats when they were in power. It is a principle that has been maintained through seven years of our administration. I believe it was a former member from, I believe it was Saskatoon Centre, Mr. Wes Robbins, who in Crown Corporations Committee set a record for not answering questions, Mr. Chairman — 157 times Mr. Robbins had to indicate to the committee, of which I was a part of, that he could not answer the question because of client confidentiality. Our clients have to be assured that confidentiality of their particular file will be maintained.

I can say, Mr. Chairman, that I do have the confidence of the business community. I do have the confidence of the people of my riding, and quite frankly, Mr. Chairman, I do look forward to the next election and the re-election of this government with an increased number of seats, and I think the members that sit on the opposite side of the House should ask their leader to share with them the poll that they had received the results from just a number of days ago.

Some Hon. Members: Hear, hear!

Mr. Chairman: — Order, order. The debate that's going on between the critic and the minister are totally unrelated to the statutory item . . .

An Hon. Member: — Why didn't you cut her off?

Mr. Chairman: — Well I didn't cut the member off from Prince Albert either, but I say the debate that's going on between the two members, the minister and the critic, are totally unrelated to the statutory item that's before us. There is no item one under this for general comments. I just have allowed so much latitude here this morning that I thought I had to put this on the record that it is totally unrelated to the statutory item before the committee.

Mr. Lautermilch: — Mr. Minister, Mr. Chairman, thank you very much. As it relates to the expenditure of these dollars under this item, I only want to say that when the minister responded to her constituents, what she might have told them is that she hasn't spent enough time in this

House to make an honest assessment.

Mr. Chairman: — Order. The member knows that he's not to make reference to members' absence or presence. I'd ask him to rise and apologize for that comment. Order, order. The member from Meadow Lake, order, order. I'd ask the member from Prince Albert-Duck Lake to rise and apologize for the last comment he made. He knows he's not to make reference to anybody's absence or presence in this House, and I ask him to rise and apologize for that.

Mr. Lautermilch: — Mr. Chairman, I apologize for referring to the absence of the . . .

Mr. Chairman: — Order. I don't accept that apology. I want an unequivocal apology from the member for P.A.-Duck Lake. Order. The member from Moose Jaw North wants to interrupt and challenge the Chair.

An Hon. Member: — Well what do you want him to apologize for?

Mr. Chairman: — I said, I want him to apologize for making reference to a person's absence in the House.

An Hon. Member: — That is exactly what he said.

Mr. Chairman: — I want an unequivocal apology . . .

An Hon. Member: — He did.

Mr. Chairman: — He did not. Is the member from Regina Elphinstone challenging the Chair? I asked the member for P.A.-Duck Lake to rise and apologize.

An Hon. Member: — He did.

Mr. Chairman: — He did not. He did not. I can call in the Speaker. If the member does not want to arise and apologize, I can certainly call the Speaker into the House.

Mr. Lautermilch: — Well then, Mr. Chairman, I've apologized for referring to the absence of the minister.

Mr. Chairman: — Order. That's a repeat of the statement. It's a repeat of the statement. I just want to . . .

An Hon. Member: — Well get in the Speaker then.

The Speaker resumed the Chair.

Mr. Muller: — Mr. Speaker, during considerations of estimates, the member for Prince Albert-Duck Lake made a comment. I asked him to apologize to the House, and the member repeated the comment; I asked him again, and he repeated the comment again and didn't give an unequivocal apology, and that's what I asked for.

The Speaker: — Order, order. The hon. member has asked for an apology, the Deputy Speaker, the Chairman, which he feels he has not received. And therefore I ask the member from Prince Albert-Duck Lake to rise, to withdraw, to withdraw his statement and apologize without any explanation or equivocation. Simply rise, withdraw, and apologize.

Mr. Lautermilch: — Mr. Speaker, I apologize for refusing . . . or for referring to the absence of the minister.

The Speaker: — The hon. member knows that the Chair had asked for a total withdrawal and apology without any explanation whatever. Now this is the issue. This is the issue. Therefore I'm going to once more ask the hon. member simply to rise, simply to rise, withdraw, and apologize without any further reference.

Mr. Lautermilch: — I apologize.

The Speaker: — I also asked you to withdraw, sir. That was withdraw and apologize.

Mr. Lautermilch: — I withdraw. I apologize.

The Speaker: — Thank you.

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure Saskatchewan Economics Development Corporation Ordinary Expenditure — Vote 148

Item 1 — Statutory (continued)

Mr. Chairman: -I'd like to thank the minister.

Item 1 — Statutory.

Consolidated Fund Budgetary Expenditure Executive Council Ordinary Expenditure — Vote 10

Item 1 (continued)

Mr. Tchorzewski: — Thank you, Mr. Chairman. I assume that the Deputy House Leader is the minister? Oh, the minister from Kindersley. Mr. Minister, I have some questions I want to pursue. I hope that you can provide most of them, but there are some you may not be able to provide. If there is staff coming, then I think you should do it, but if you can't, we'll be able to get them later.

(1045)

Before I ask the question, in a summary sense I want to simply say that as we watched the proceedings of the Executive Council estimates at some length previous to this day, a number of things became very obvious.

We saw the Premier confirm his determination and commitment to privatize SaskEnergy. Throughout that debate the Premier did not ever suggest that he had no intention of privatizing SaskEnergy. He said he still believed it was a good idea. He confirmed that the Barber Commission was set up to advise. We have a different definition for it. I don't think that the exercise is one of advising the government, because we know that according to what the Premier was saying that the government has already made up its mind and the Premier personally is committed, as is the minister of privatization in his estimates last night, to privatizing SaskEnergy.

We also discussed the matter of the non-accountability of the government, the refusal of the government to be accountable for the expenditure of massive amounts of taxpayers' dollars, as is evidenced by the Report of the Provincial Auditor. I think it was much more than just unfortunate that, instead of dealing with that situation as any premier should have done in instructing the cabinet and officials of the government to provide the information which the Provincial Auditor had requested, the Premier decided not to do that until a debate went on at some length, and then the Premier decided to write some letter and make it public to officials saying they would have to be providing the answers to the questions of the auditor. But that was a little shell game because that was after the fact.

All of the decisions of the government with regard to privatization and all of the decisions which have resulted in the kind of examples of mismanagement and misspending of taxpayers' money were done prior to 1989. Now the Premier is saying after 1989 he's going to ask his officials to be responsible, but he's already covered up, he's already covered up everything he happened prior to 1989 when all of the important decisions were made.

We talked about the mismanagement of the government as has been evidenced so dramatically by the GigaText affair, and that's only one example. There are hundreds of such examples. But the way that this legislature works and the way press works, they will pick up one particular issue one day. In this case it happened to be GigaText, and here was an example of gross mismanagement. Millions of dollars of taxpayers' money that could have been far better spent, spent on a company which could not in any way indicate that it was able to do the kind of technological work the it was intended to do by this expenditure.

The environment, I suppose as was indicated by somebody the other day that the Premier's commitment to the greening of Saskatchewan, or his definition to the greening of Saskatchewan is simply throwing dollars, and lots of them, at a questionable project like Rafferty without the adequate environmental assessment that ought to have been done at the federal level. And I might say, provincial level as well because that assessment was not good enough.

So that is the kind of area that was covered in the previous discussion of these estimates, and there were others as well. I'm not going to cover those things, Mr. Minister. I'm not going to get into them in any length at all. I simply, with the time that's remaining for us, want to get into some of the specific questions which involve the expenditure of . . . under the title of Executive Council in this budget.

As I was preparing for this, one of the items that I found of some interest and some concern, and maybe you can explain it and it will do away with my concern, and it deals with one Dr. Norman Riddell — and I do not mean to in any way do this personally with Mr. Riddell; I'm dealing with the expenditures revolving around this gentleman — but he was, I believe, the deputy minister to

the Premier. I noted in the expenditures from the Provincial Auditor's reports, of the Public Accounts reports that in 1986-87 he was paid \$95,362 in salary for a full year — 95,367 — that was in '86-87.

Now it so happens that in 1988, Mr. Riddell left Saskatchewan to go to work for the Premier of Quebec, Mr. Bourassa. I note that in the 1987-88 Public Accounts he was paid for that year \$182,620. That would be, I think fair to say a hundred per cent increase. I suspect it wasn't all salary; if it is, I will be very concerned indeed and so will everybody else. I have two questions therefore. For that period '87-88, did Dr. Riddell work the whole year in the Premier's office, and whether he did or not, what was the \$182,000-plus expenditure compared to the \$95,000 of the year before?

Mr. Chairman: — Order, order. Can I make a point of clarification. When I came to the Chair, I think I moved in just a little quick and I thought this was a statutory. And I would like to . . . For the sake of the Clerks, this is Executive Council under Department of Finance, and I would also like to ask the Minister to introduce his officials for *Hansard* sake.

Hon. Mr. Andrew: — Well we went through the officials before. Let's go, let's go.

In response to the question with Mr. Riddell, Mr. Riddell left the employ of the government in the fiscal year '87 and '88, and in leaving that employ, he would have his salary for the particular period of time that he was employed, and is the case with all civil servants when they leave, they are entitled to claim for . . . let's say they had sick leave points that were built up or what do they call them EDOs (earned days off) or SDOs (scheduled days off) whatever it is, built up, plus the severance policy for all deputies not unlike a severance policy for members of the Assembly here.

And let's take an example of a member of the Assembly drawing one salary, leaving part-way through the year. There is a severance package for them in which case that year it would reflect a far higher source of income than would be the year before. And that's the same type of situation here.

Mr. Tchorzewski: — Thank you, Mr. Minister. Sick leave, EDOs, I guess that's earned days off — I didn't know that applied to deputy ministers; that's a new innovation — and the severance pay according to the policy. Can you then provide me, and if you can't do it now, a copy of the severance policy as it is applied to deputy ministers in the government, and also a breakdown of all of the payments that were made to Dr. Riddell — I mean, what was for sick leave, what was for the EDOs? I would not be surprised if you didn't have it with you, but can you provide it for me before . . . well at least before the next election?

Hon. Mr. Andrew: — I will undertake to get that type of information to the hon. member.

Mr. Tchorzewski: — Mr. Minister, one of the things that has been from time to time of some public discussion is the extensive travel that is done by some members of this government. The Premier spends an awful lot of

time travelling the world. I suspect a lot of that is on good legitimate . . . I'm not suggesting that any of it is not on legitimate business, but the Premier does indeed consume a great deal of time and money in his travels around the world. Sometimes I think he spends more time in the United States than he does in Saskatchewan. Maybe that's why he talks like an American and speaks for them more than he does for Saskatchewan people.

But one of the more recent trips of some note has been the Premier's tour of the Far East in which, I believe, he went to China, Korea, India and several other places, at which time he tried to sell 125 per cent of the potash corporation — five countries at 25 per cent each. But we've been through that.

I want to ask this very specific question, Mr. Minister. Can you provide on behalf of the Premier the cost of this travel, this most recent trip to China and other places? What was the total cost of this trip that was made prior to this session.

Hon. Mr. Andrew: — I don't have the exact details, but the hon. member would know in this Assembly that there was an order for return covering all ministers, and it included that one . . . (inaudible interjection) . . . It did not include that one? I would undertake to provide that information in the same form that we did on the orders for return, if that would be satisfactory to the hon. member.

Mr. Tchorzewski: — I will want to know the total cost of this trip, I will want to know how many people went on this trip, and I would also like to know, Mr. Minister, whether the government picked up the costs for any of the media contingent that went along. I'm not suggesting that happened, but maybe you can answer that now. Did the government pick up any of the costs for media that travelled with the Premier?

Hon. Mr. Andrew: — I'm not sure, first of all, that any media travelled with the Premier. And if they did, certainly we would not pay for the media nor would any credible media accept any funds from either the government or the opposition for travel.

Mr. Tchorzewski: — Well I believe that; I agree with you. I agree. I've been there before and I know that, although I was never involved in offering this kind of an arrangement, but I think the media is generally pretty scrupulous about these kind of things. But I simply want to ask the question, and I assume that you will check into it and confirm.

But I go back to the other question and that is we do want the cost. We want the number of people who went on this trip. Because at a time when we're applying some very stringent restraint on people who are in need — our hospital systems and our schools and other places — some of these exotic trips really have to be quite questionable. And I think the public has a right to know then how much of the money, which could have been spent on some of the needs which they have, is being spent on these kinds of junkets which I sometimes wonder whether they are worth the money that's spent on them.

Another question I have, Mr. Minister, is . . . there was, I notice, in the Public Accounts, the most recent one, a one Paul Jackson employed, and in that year he was paid \$20,110.45. Can you tell me, Mr. Minister, how long Mr. Jackson was employed in the Premier's office please?

Hon. Mr. Andrew: — We can get that information for you on how long Mr. Jackson was employed — I don't think for a very long period — in the Premier's office as a speech-writer.

Mr. Tchorzewski: — Mr. Minister, he was employed as a speech-writer. He's the same Paul Jackson who is now employed by the *Star-Phoenix*?

An Hon. Member: — I believe that's the same guy.

Mr. Tchorzewski: — Yes, I believe it's the same guy too. I think it's of some interest for the future references to know that that's the case. I am surprised that our official wouldn't be — I'm sure they can — wouldn't be able to tell you how long Mr. Jackson was employed. I mean, I'm sure they've done all the work, so I don't think it's a problem with the officials. I think you're not wanting to tell me. Okay, I think he's got it.

Hon. Mr. Andrew: — I take the hon. member would like to know how long Paul Jackson worked in Executive Council from start to finish. We will undertake to find that information. We don't have it. It's broken down into a dollars figures and we could . . . we'll get the number of months he worked in Executive Council.

Mr. Tchorzewski: — Mr. Minister, I have for the last year's estimates . . . the Premier was good enough to provide when questioned a number . . . some information which I suspect that our officials and the Premier would have known we would ask again in this particular estimates. We were provided the list of all the staff of the Executive Council, their salaries, what their jobs were, and whether there had been a change of salary in the last year. That was information which was provided up to June 1988.

What I would like you to provide, Mr. Minister, is a list of the Executive Council permanent employees from June '88 until the present with the same information, whether there has been any . . . what the salary is, whether that's a change in salary from the last time that this information was provided. Can you provide that for the House, Mr. Minister?

(1100)

Hon. Mr. Andrew: — Mr. Speaker, I take what the hon. member wants is he referred to a document forwarded in the last year's estimates by the Premier. He would wish that updated from June '88, I take to the end of August of '89. We'll undertake to provide that for you.

Mr. Tchorzewski: — Thank you. Just so that it is made easier for the people who will be doing the work on this, this was letter to Mr. Romanow, the Leader of the Opposition, from Larry Martin, deputy minister to the Premier, dated September 9, 1988, and it outlines all of the questions that were asked and the information that

was provided. So instead of reading it into the record, I'm sure you'll be able to make reference to it and you can get it updated. Thank you, Mr. Minister.

That includes . . . no, it doesn't include one thing. I want to know, Mr. Minister . . . as soon as I discover where it is. In that communication to the Leader of the Opposition, it was indicated that the Department of Executive Council paid a group called Corporate Strategy Group some \$31,000 to provide communication consulting services. It was also indicated that for the '88-89 fiscal year, \$30,000 was budgeted. Can you report to the House, Mr. Minister, whether Corporate Strategy Group was again employed in that last fiscal year to provide these services, and whether it was paid the \$30,000 less or more? And also, what kind of service does it provide?

Hon. Mr. Andrew: — I will undertake to update that figure as well. I think what the hon. member is referring to is the document by the Premier. The hon. member would, I think, be aware that those questions were also asked in Public Accounts Committee. The questions were asked of the deputy minister in the Public Accounts Committee. He went through an explanation. I would refer the hon. member this particular group would provide advice with regards to public relations, that type of thing, for Executive Council.

Mr. Tchorzewski: — Can you indicate to the House, Mr. Minister — it's a little frustrating; we're not getting any of the answers — but can you indicate to the House whether there is yet again a budget item to provide these kind of services, and whether Corporate Strategy Groups is the company that is providing these services? Did it provide the services in '88-89? Surely you can at least answer that one. And as it the group that contracted, or whatever, to provide them for '89-90?

Hon. Mr. Andrew: — I indicated that they were working in the year that you suggested. I indicated that they're still working this year, that I would update the figures for you as to what the information, or the exact amount that is budgeted this year.

Mr. Tchorzewski: — Mr. Minister, for the '88-89 year, which is the last fiscal year, can you provide a total amount spent by the agency or the Executive Council on advertising? And for '89-90, the total amount that has been budgeted for advertising? Do you have that there, Mr. Minister?

Hon. Mr. Andrew: — The officials have found the . . . with regard to Paul Jackson, and he worked January 9, 1984, to July 16, 1986.

Mr. Tchorzewski: — Mr. Minister, I didn't get the answer on the advertising. They're still trying to get it?

Hon. Mr. Andrew: — I'm advised the total dollars spent was \$125,039.59 . . . (inaudible interjection) . . . \$125,039.59. The bulk of that advertising would be related to Electoral Boundaries Commission, advertising in the *Saskatchewan Gazette*, various advertising that had to be done for the by-elections in Regina Elphinstone and Saskatoon Eastview. That really relates to the publication of the proclamation, that type of thing.

Mr. Tchorzewski: — Thank you. This may be my last question, Mr. Minister. Did the Executive Council use any charter aircraft or pay for any charter aircraft in '88-89? If they did, can you give us who the charter was and for what purpose it was?

Hon. Mr. Andrew: — That was also in order for return, and I will undertake to provide that information with the other stuff.

An Hon. Member: — He's got it there. He's got it there.

Hon. Mr. Andrew: — Three chartered aircraft paid by Executive Council: Prairie Flying Service, Estevan to Regina, October 29, 1988; Prairie Flying Service, Regina to Saskatoon, and that was on October 29, '88; Prairie Flying Service, Regina, Lanigan, Regina, July 23, 1988.

Mr. Tchorzewski: — Can you tell me, Mr. Minister, if this was for the Premier or officials of the Executive Council?

Hon. Mr. Andrew: — For officials and the Premier. The Premier was on each of those three flights.

Mr. Tchorzewski: — Mr. Minister, there's one question I hadn't asked when I was referring to Corporate Strategy Group. Can you inform the House whether this is a Saskatchewan company or whether it is a company that is located somewhere else.

Hon. Mr. Andrew: — It's a company located with head office in Toronto.

Mr. Tchorzewski: — It's interesting, Mr. Minister, when we hear so many speeches from members opposite and publications about Buy Saskatchewan and the use of Saskatchewan talent, I'm shocked and surprised that the Premier would feel it important to spend this kind of money for these kinds of services in Toronto when I'm sure those kind of services are available here.

Mr. Chairman, I have no further questions. We wanted to get these administrative questions and the answers to them. Most of them we don't have the answers today, but the minister has assured me that we will get them, and I hope we will get them without too long a delay. I think we're prepared then to deal with each of the subvotes in the blues.

Item 1 agreed to.

Items 2 to 3 inclusive agreed to.

Item 4

Mr. Tchorzewski: — Mr. Chairman, I noticed that item 4 is one of those subvotes in which there has been, I believe, about a 10 per cent increase in expenditures. Can you explain to the House why that item has got such a big increase in expenditures. What is different in this forthcoming year than was different last year?

Hon. Mr. Andrew: — The official is looking for the exact reason for that. He suspects that it's probably perhaps different people. While there's the same number of P-Ys,

of person-years, it could be that there was a change in personnel and somebody maybe left at a lower salary and somebody came in at a higher salary, explaining the extra \$50,000. I'll undertake to get it for you. We'll give that to you.

Item 4 agreed to.

Items 5 to 9 inclusive agreed to.

Item 10 — Statutory.

Vote 10 agreed to.

The committee reported progress.

The Assembly recessed until 1 p.m.