

The Assembly met at 2 p.m.

Prayers

ROUTINE PROCEEDINGS

INTRODUCTION OF GUESTS

Mr. Hagel: — I thank you very much, Mr. Speaker. Mr. Speaker, I would like to introduce to you, and through you, to all members of the Assembly, 15 students from Central Collegiate in Moose Jaw who are seated in your gallery, Mr. Speaker. These students are accompanied by their instructor, Brian Swanson and have already been on a tour of the building.

It's of special note to the Assembly, Mr. Speaker, that these students are from grades 9 to 12 and they are all members of what Central Collegiate refers to as the government club. This means that as part of an extra-curricular activity and motivated by nothing other than pure interest in the world of politics, that they meet weekly to discuss the political issues of the day.

And I think as well, Mr. Speaker, if I may be extended the privilege of looking into the future, that among them there are, I suspect, at least a few individuals who at some point in time will represent constituents as elected members. I look forward to meeting them immediately following question period for pictures and refreshments and discussion of today's proceedings and other political issues as they may wish to discuss, Mr. Speaker. And I ask all members of the Assembly to extend a very warm welcome to these members of the government club at Central Collegiate in Moose Jaw.

Some Hon. Members: Hear, hear!

Hon. Mr. Petersen: — Thank you, Mr. Speaker. I'd ask that you and all members of the Assembly join with me in welcoming some guests I have here today from the Elfros School. They're a group of students, grades 4 to 7, about 35 in number. They're accompanied by their teachers, Patricia Hack, Shelley Papageorgiu, Cathy Gerein, and their bus driver, Doug Ford.

I'd ask all members to wish them a pleasant stay in the Assembly. I'll be joining with them for pictures and refreshments and questions shortly after 2:30 in room 218. If you would, please.

Hon. Members: Hear, hear!

ORAL QUESTIONS

Privatization of Potash Corporation

Mr. Romanow: — Thank you very much, Mr. Speaker. Mr. Speaker, my question today, I believe, should be to the Minister of Finance, the minister in charge of the Crown Management Board, as a result of the annual report of 1989.

Mr. Speaker, this question pertains to the government's economic strategy and, in particular, privatization. The annual report, a copy of which I have here in front of me,

by the Crown Management Board, owned and controlled by the government opposite, shows that the sell-off price of the Potash Corporation of Saskatchewan cost this province, according to this annual report, some \$442 million.

My question is this, Mr. Speaker, to the minister: how in the world can you defend privatization as an economic plan when apparently all that it does basically is increase drastically the debt for future generations of Saskatchewan people?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Mr. Speaker, the people of Saskatchewan invested hundreds of millions of dollars in the potash corporation, Mr. Speaker. It was a bad investment by the people of the province. And the government, when it decided to privatize, did so, Mr. Speaker, and received, of course, shares for that privatization. There is no way that the people of Saskatchewan would ever under any circumstances recover what the people had put into the potash corporation.

An Hon. Member: — Oh!

Hon. Mr. Lane: — Well the hon. members say, oh, Mr. Speaker. The fact is the people would never ever get their money out of the potash corporation, or they'd never get their money back from the investment of the potash corporation, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Speaker, I have a new question to the Minister of Finance. I might preface the question by saying that the accuracy of that last statement by the former minister of Finance is about as accurate as his estimate of the debt was in 1986. He's off by about . . . (inaudible) . . . per cent.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Speaker, I ask a question of the Minister of Finance who is in charge of this province's financial state. And I ask the question of the Minister of Finance who's in charge of the Crown Management Board. Is it true or is it not true that the Crown Management Board reports that there is a loss of \$441 million that you took as a result of the give-away of the Potash Corporation of Saskatchewan? Is that right or wrong?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — I say again, Mr. Speaker, that there are no circumstances under which the public would ever recover the total investment that the taxpayers had to make in the NDP nationalization of the potash industry.

Market determines what that company is worth, Mr. Speaker. We, Mr. Speaker, put that on the public shares at \$18. To tell you what the market decided the company is worth, Mr. Speaker, today I believe the price is

approximately \$14.50 per share, Mr. Speaker. We got more money. We got more money, Mr. Speaker, at the time that we did the issue, than market has shown today what the company is worth.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Speaker, I have a new question. I guess the Minister of Finance is going to not answer this and he's going to shirk his responsibilities to the minister in charge of the potash corporation. So be it.

My question to the minister in charge of the potash corporation — but it should be either to the Premier or the Minister of Finance — is simply this: if the government justifies, in part, a privatization program as a policy of reducing the massive debt, that this government itself by the way created, how in the world can he justify what's happening? Because the government's own documents show that even after the sell-off of the Potash Corporation of Saskatchewan we have had added on top of the debt of the province, \$441 million. How does that make sense?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Mr. Speaker, I think we should keep in mind, Mr. Speaker, that there was no right time to sell the potash corporation in the view of the NDP. There was never a right time; there will never be a right time for the selling of the potash corporation. If, Mr. Speaker, the province had of even been fortunate to come close to breaking even on this massive investment of the potash corporation, the NDP still would have objected to the sale and would have opposed the sale. There was no right time from the NDP's point of view. There was obviously a right time from the market's point of view when we put it out at \$18, received \$18 a share, and today it's trading at approximately \$14.50 — a good deal given the bad investment, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Speaker, I have a new question to the Minister of Finance. And I say to the Minister of Finance that this is an outrage, your answer, and it's a scandal. Your own documents show here on page 17 that the proceeds of the Potash Corporation of Saskatchewan are worth \$1.3 billion — those are your figures, not mine — and you sold it for under \$700 million. And this document says that's a loss of \$441 million on top of the debt — their documents. I asked the Minister of Finance or the minister in charge of the Potash Corporation of Saskatchewan, how can you explain this other than for what it is — a very bad deal designed to give away the potash corporation to the foreign investors and the rich people of this province and country.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Again, Mr. Speaker, we should recognize that the NDP leader has made it abundantly clear there would never ever, ever be a correct time in the NDP's mind to sell the potash corporation. That is contrary to the philosophy of the individual member and that of his party.

Having said that, Mr. Speaker, the people of this province had to invest over a billion dollars in the potash corporation that wasn't worth that, Mr. Speaker. That's the simple fact. The NDP made the investment in potash; it was a bad investment. Mr. Speaker, we put it out to shares at \$18. To tell you what the market thinks, Mr. Speaker, those shares now are \$14.50 approximately.

Mr. Speaker, the bad deal was buying potash mines, Mr. Speaker. Mr. Speaker, the province would never ever get it's money back, and we got the best deal and the market prices today prove it, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Speaker, I have a new question. It's either of the Premier, who's coaching the minister in charge of the Potash Corporation of Saskatchewan — and that's something new, Mr. Speaker — or of the Minister of Finance. Mr. Speaker, I ask the Minister of Finance or the Premier or the minister who's answering these questions to direct their attention to the simple question that I put. How in the world can you justify the sell-off of the Potash Corporation of Saskatchewan when this sell-off cost you, according to your own figures, \$441 million? You justify, you justify privatization on the argument that it's to eliminate debt, among other things, and what you've done is you've increased the debt. You've increased it by \$441 million after the sale of the Potash Corporation of Saskatchewan. That's a scandal. How does the minister justify that?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Mr. Speaker, I'll explain to the hon. member. You can go out and pay a million dollars for a Chevrolet, Mr. Speaker, and that's what you did. And that's what the NDP did — pay a million dollars for a Chevrolet, and then hope to go down to the used car lot and get their million dollars for their Chevrolet. It doesn't work that way, Mr. Speaker. It's what the company was worth and what the Chevrolet was worth.

The fact is the potash corporation wasn't worth what the NDP paid for it. It was a bad investment, Mr. Speaker — bad investment, Mr. Speaker. The people had to pay a massive amount of money to both acquire and maintain that asset, Mr. Speaker. We sold at what the market said, Mr. Speaker, at \$18, and the market today says it's approximately 14.50. Obviously a very astute move on the part of the government, a very bad deal by the NDP, Mr. Speaker.

Mr. Romanow: — Mr. Speaker, I have one last question to the minister, who refuses to answer the question. And I hope you, sir, and the other members of the House take note of that.

The minister will note that in this Crown management report you, sir, your government, your officials, your Premier, your Minister of Finance, listed the assets of the Potash Corporation of Saskatchewan at \$1.13 billion. I didn't; you did. You listed it for that. If there's a million dollar Chevrolet, sir, it's yours. You valued it at \$1.13 billion and you sold that Chevrolet for \$700 million. And that translates to a loss of \$441 million. You say that in

your books.

Mr. Premier, you admit a loss of \$441 million on a give-away of the Potash Corporation of Saskatchewan. That's an outrage. That's a scandal. That's incompetence. How do you explain that, Mr. Minister and Mr. Premier?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Well, Mr. Speaker, we have an NDP leader who, unfortunately . . . economically, we have an NDP leader who unfortunately doesn't understand what book value is, Mr. Speaker. Book value is what somebody pays for something; that doesn't mean what it's worth, Mr. Speaker. You paid way too much, you invested and cost the investment a way too much.

Unfortunately, the Leader of the New Democratic Party is caught, Mr. Speaker, between Marxism and the market-place, Mr. Speaker. He doesn't understand the market-place and is arguing the NDP philosophy of sole ownership of potash, Mr. Speaker. It was a bad deal to buy potash mines. It was a good deal, Mr. Speaker, to get \$18 a share when the shares are now worth approximately \$14.50, Mr. Speaker.

Some Hon. Members: Hear, hear!

Economic Effects of Privatization

Mr. Lingenfelter: — Mr. Speaker, my question is to the minister in charge of privatization, and in light of the answers to the previous questions, I think many people in this province are asking, would you buy a used car from that individual? That's the question many people are asking.

But I want to ask you, Mr. Minister, in light of this eight years of privatization, we've seen the debt in the Crown sector go from \$3 billion to \$9 billion. At every turn as you sell off assets, the debt has increased. In fact, in 1985, you sold off Saskoil and the debt jumped from 5.1 billion to 6.5 billion. In 1986, you privatized PAPCO (Prince Albert Pulp Company) and the debt went from 6.5 billion to 8.5. In fact last year in 1989 you privatized the potash corporation and the debt went from 10.7 billion to 11.4 billion.

Now, Mr. Minister, my question to you is this: how can you defend privatization as an economic strategy when taxes have increased at every turn; 65,000 people have been forced out of the province, looking for work; and the debt in the province is now in the area of \$13 billion as a result of your mismanagement and waste and privatization? How do you counter that and how do you explain that terrible economic record of your government?

Some Hon. Members: Hear, hear!

Hon. Mr. Schmidt: — Mr. Speaker, it's unbelievable. These are the same individuals with which I was once associated. These are the same individuals who told me we should buy these potash mines; they will make a lot of money. And I said, do not buy those potash mines. I said that to the Leader of the Opposition; I said that to the

member for Regina Elphinstone when he was just a little kid. I told him, do not buy these potash mines; they're holes in the ground. They bought them anyway, and now they are complaining that we lost money on them. They should have known that 15 years ago when they bought them in the first place.

Mr. Speaker, not only do they not know what to buy and at what price; they don't know when to sell and at what price. And in addition, they can't get their calculations correct. With respect to Saskoil, the company is now worth five times as much as when the government owned it.

Some Hon. Members: Hear, hear!

Mr. Lingenfelter: — Mr. Speaker, new question to the minister in charge of privatization. It's true the minister, while he was not in government, was telling us how to run the economy of the province. That was at a time when the books were balanced and the taxes were low and we had social programs.

But I want to say that as a result, as a result of you taking over the economic portfolio, the debt in this province has gone to \$13 billion.

I want to ask you this, Mr. Minister: how do you justify, in the light of the fact that 65,000 people have been forced out of this province looking for work, income tax has gone up, the 2 per cent flat tax, the gas tax is back on with a vengeance at 45 cents a gallon, can you tell us why you insist on pushing privatization when all the facts and figures are against this government's record?

Some Hon. Members: Hear, hear!

Hon. Mr. Schmidt: — Mr. Speaker, we are not pushing privatization. We are simply doing what is economically feasible. We are not following any ideology. These items were purchased, this potash mine, these mines, these holes in the ground were purchased as a matter of ideology when I was a member of that party, and I quit that ideology when I told them not to buy holes in the ground.

When these mines were purchased there were no mines in New Brunswick. After our money went to the potash companies and we owned the hole in the ground, they had our cash, they built two mines in New Brunswick, and now we have to compete against our own money.

And now the members opposite, who 15 years ago wouldn't listen, insist they shouldn't listen now. Now I read the headline, 'Privatization has a role to play, NDP.' The very same man who asked that question said last week privatization has a role to play and yet here he stands and says he's against it. I mean they were inconsistent 15 years ago and they haven't changed, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Lingenfelter: — Mr. Minister, supplement to the minister of privatization. I want to say to you by way of preamble, Mr. Minister, that if you want to see a fight on

privatization, reintroduce the SaskEnergy Bill and you'll find out where we stand on privatization, I can tell you that.

Some Hon. Members: Hear, hear!

Mr. Lingenfelter: — My question to you, Mr. Minister, is: in light of the fact that the deficit in the province has risen to \$13 billion and you've sold off all of these assets; the oil wells, the gas wells, the potash mines, the coalfields, the highway equipment.

How did you manage to mess up so bad that we've driven the debt in the province to \$13 billion at a time when the province is driving out 65,000 people, and people are asking where is the money that you got from all these assets?

Some Hon. Members: Hear, hear!

Hon. Mr. Schmidt: — Mr. Speaker, the opposition wants to fight. Now what will that do for Saskatchewan? We want to build this province, Mr. Speaker. We want to build opportunity for our youth. There are still more people in this province today than when we were elected eight years ago. There are more than when they were defeated. There are more now than when they were ever in office.

Yes, there is a debt, Mr. Speaker. There is a debt because we gave money to farmers when they needed it. The members opposite bought holes in the ground when the farmers needed better interest rates.

Some Hon. Members: Hear, hear!

Announcement on Community Development Bonds

Mr. Koenker: — A question to the Premier, Mr. Speaker. Mr. Premier, will you confirm that this Friday you plan to make an announcement across the province about your community development bonds, and that you intend to use the facilities of the Saskatchewan Communications Network to make this announcement?

Some Hon. Members: Hear, hear!

Hon. Mr. Schmidt: — Mr. Speaker, congratulations to the NDP. They're literate; they can read. Today we put out a press release that said on Friday the Premier will be making a major announcement with respect to economic development to build Saskatchewan, not to fight.

We decline their challenge to fight. We want to build Saskatchewan. On Friday morning the Premier will give the details of how this can be done.

Some Hon. Members: Hear, hear!

Mr. Koenker: — New question to the minister for economic development, Mr. Speaker. Mr. Minister, your community development announcement is highly political in nature and I'm wondering if you can tell the people of Saskatchewan whether the Progressive Conservative Party will be paying all the expenses of this SCN (Saskatchewan Communications Network) network

broadcast, for this political broadcast.

Some Hon. Members: Hear, hear!

Hon. Mr. Schmidt: — Mr. Speaker, I say to the NDP, welcome to the modern world, welcome to the use of technology. I mean, they believe in leaflets; we believe that the people of Saskatchewan should be able to use the communications network they have to receive information vital to the future of Saskatchewan. This has very little to do with politics other than we are the government and the government has to provide leadership. On Friday . . .

The Speaker: — Order, order. The hon. member for Regina Rosemont has uttered an unparliamentary statement. I ask the hon. member to stand and apologize.

Mr. Lyons: — I apologize, Mr. Speaker.

Hon. Mr. Schmidt: — Mr. Speaker, on Friday morning the Premier will use this network to deliver information to the people of Saskatchewan who are waiting to develop their own future. Hundreds of people will be able to obtain this information without having to drive to Regina to get the information. They will be able to phone in and have their questions answered.

This is a system that is available to government; it's available to business; it's available to the opposition if they're prepared to pay the cost of the system. We are paying this. It's a matter of communications because it's cheaper than having everybody drive around the province trying to find out what's going on. It has nothing to do with politics.

Some Hon. Members: Hear, hear!

Mr. Koenker: — Supplementary, Mr. Speaker. Mr. Minister, we're talking about ethical leadership in government when we're talking about this issue.

Some Hon. Members: Hear, hear!

Mr. Koenker: — Mr. Minister, on March 19 of this year, in your government's speech from the throne, you talked about this very issue and you said in that speech from the throne:

The technologically advanced SCAN network will provide distance education opportunities to people isolated for geographic or other reasons.

Can you explain how your use of SCAN (Saskatchewan Communications Advanced Network) for political purposes, and paid for by public expense, can possibly be construed as distance education?

Some Hon. Members: Hear, hear!

Hon. Mr. Schmidt: — Mr. Speaker, the member just asked that question as a religious leader in my church. I don't think you should come here into this Assembly and try to lecture me on ethics. Him and I can discuss ethics in our church, not here in the legislature. What we are talking about here is delivering information to the people

of Saskatchewan.

It just so happens that we have to have elected leaders, and the Premier is our elected leader. And it just so happens that it's through politics that we elect our leader; that our leaders have to lead while they have a mandate and the Premier has a mandate to conduct that informational seminar with the people of Saskatchewan on a private network that is paid for. It's not broadcast to the whole public. Whoever wants to get this information can turn up, get the information, phone in if they have questions. It has nothing to do with politics. It has a lot to do with the governing of Saskatchewan and building a future for our children.

Some Hon. Members: Hear, hear!

Mr. Koenker: — Mr. Minister, the question of ethics is not confined to just the church. It's confined to the public arena as well, and you're accountable. In your enabling legislation for SCN introduced earlier in this session, you stated:

The corporation may use, manage, co-operate, or co-ordinate the use of electronic delivery systems for the purpose of distributing programming or materials that are educational or cultural in nature.

Given the terms of the Act itself and the fact that the five founding board of directors are four PC cabinet ministers and the former deputy premier, can you tell us just who made this decision that this kind of programming fits within the mandate of SCN?

Some Hon. Members: Hear, hear!

Hon. Mr. Schmidt: — Mr. Speaker, the priorities are set for this Saskatchewan network for informational purposes. Whoever rents the time gets to use the network for that time. Education is first. Government information is part of the network. But, Mr. Speaker, let us keep in mind also that the NDP, who denounce this network, I understand from Saskatoon *Star-Phoenix*, are inquiring about renting air time. And let them deny that.

They are welcome to rent air time if they want to do politics to their own people who they gather in those places. We are renting this time to deliver information to hundreds of people who will get the details on building for our future on a program that will develop community bonds where people in their own community can invest. What is so political about that?

Some Hon. Members: Hear, hear!

The Speaker: — Why is the hon. member for Yorkton on his feet?

Mr. McLaren: — I request leave, Mr. Speaker, to introduce some guests.

Leave granted.

INTRODUCTION OF GUESTS

Mr. McLaren: — Thank you, Mr. Speaker. On behalf of my colleague, the member from Regina Wascana and Minister of the Family, I'd like to introduce to you, Mr. Speaker, and to all members of the Assembly, 14 students from Balfour Collegiate here in Regina. And I understand that they are in English as a second language class.

We want to welcome you here to the Assembly today. We hope you enjoy your stay and enjoy the proceedings. And I will meet with you at 2:35 in room 255 for questions and some photos on the steps of the legislature. So I'd ask all members to please welcome these students here today.

Hon. Members: Hear, hear!

MINISTERIAL STATEMENTS

Teachers' Superannuation Pension Payments

Hon. Mr. Hepworth: — Mr. Speaker, as a result of an independent study of public sector pension plans, a problem was identified respecting the manner in which the Canada Pension Plan benefits are being integrated with the teachers' superannuation plan. Due to the technical and complex nature of the issues, and the potential that payments were being made without legislative authority, I referred this matter to the Provincial Auditor for his review.

I am tabling in the House today the Provincial Auditor's report and comments expressed in his letter dated May 11, 1990.

In the opinion of the auditor, the Teachers' Superannuation Commission has been calculating teachers' pensions in a manner that does not comply with The Teachers' Superannuation Act, nor the commission's regulations.

Unfortunately, it is now clear that some teachers have been receiving pension overpayments that are not sanctioned by law.

The Government of Saskatchewan recognizes that the error in pension calculation is beyond the control of retired teachers. The government therefore is assuring retired teachers in the strongest possible way that it will take whatever steps are necessary to ensure that they will not be required to pay back any pension overpayments already made.

Furthermore the government will protect the present level of pension payments in a way that respects its overriding duty to taxpayers to ensure all public spending complies with the spirit, the intent, and the letter of the law.

Mr. Kowalsky: — Mr. Speaker, I wish to reply to this ministerial statement. Mr. Speaker, it's quite clear to anybody that's been associated with education that matters related to superannuation and teachers' pensions should properly be dealt with through negotiations and through bargaining; that any unilateral action on the part of a government or a government agency that doesn't involve the teacher bargaining team, would not be acceptable to the spirit of the current agreement. And I would fully expect that the matter related to this should be proceeded

with throughout negotiations.

I would further add that it's interesting that the minister should bring this forward at this time during . . . to the House at this time, rather than bringing it to the negotiation process, because negotiations are in progress. And I would ask the minister whether there has been any consultation with the STF (Saskatchewan Teachers' Federation) on this matter.

I would further ask why the minister didn't deal with the other outstanding issue, and that is the issue of the sum 175 million plus interest, which adds up to \$250 million of outstanding money from the superannuation fund, and why they wouldn't have dealt with that through negotiations as well at this time.

Some Hon. Members: Hear, hear!

Ms. Simard: — Thank you, Mr. Speaker. Before orders of the day, I'd ask for leave of the Assembly to pay tribute to teachers and students in three Regina schools who performed at the music festival in Winnipeg last week.

Leave granted.

ANNOUNCEMENTS

Music Festival Awards

Ms. Simard: — Mr. Speaker, I ask you and other members of the Assembly to join me in extending our congratulations to the teachers and students of three Regina high schools for their outstanding performance at the 19th annual music festival in Winnipeg last week.

MusicFest is a national music competition which this year attracted over 10,000 young musicians from across Canada. And three schools from Regina were represented, Mr. Speaker: Campbell, Thom, and Balfour Collegiate. Balfour's concert band won a silver medal, and Thom Collegiate jazz band and chamber choir won silver medals. And bronze medals were won by the vocal jazz ensemble combination choir and concert bands.

Campbell Collegiate, Mr. Speaker, did extremely well. Gold medals were won by the senior gold jazz band, junior gold jazz band, and classics choir. Silver medals were won by the concert choir, green and gold jazz, concert choir, and the octavox choral group. Bronze medals were won by the senior green jazz band, classics choir, and octavox choral group.

In addition, Mr. Speaker, on Sunday, May 20, 1990, Campbell Collegiate — through its music teachers, Stewart Wilkinson and Brent Ghiglione — was presented with the prestigious *Down Beat* magazine award for contribution to music education. And this award carried with it a \$2,500 scholarship to Campbell.

So you can see, Mr. Speaker, that the hard work and dedication of these teachers and students has really paid off.

I ask all members then to join with me in offering our congratulations to the students and teachers at Campbell,

Balfour, and Thom collegiates for their outstanding achievements at MusicFest, 1990.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Thank you, Mr. Speaker. I'd like to join with the hon. member in congratulating the students from the three schools in Regina. The music tradition of the educational facilities in Regina is a long and strong one. I was pleased on the particular competition, Mr. Speaker, to recognize that the son of one of my personal staff was one of the musicians and very excited, performed admirably, I understand, at the competitions. But the schools are a credit, not only to themselves and their teachers, but certainly to the city and the province, Mr. Speaker. They performed admirably well.

ORDERS OF THE DAY

GOVERNMENT ORDERS

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure

Energy and Mines

Ordinary Expenditure — Vote 23

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

Hon. Mr. Swenson: — Thank you, Mr. Chairman. Today I have beside me, John Reid, deputy minister. Directly behind me, Les Beck, executive director, geology and mines. Next to Les is Ray Clayton, assistant deputy minister. To my left here, Bruce Wilson, executive director, petroleum and natural gas division, and at the back I have Jerry Gossard, Gord Braun, Janis Rathwell, and Don Stirling.

Item 1

Mr. Solomon: — Thanks very much, Mr. Chairman. I would like to start off, Mr. Minister, and ask you some of the standard questions which are important to the taxpayers in every department, I believe. And I'd like to have you give us the names and titles of all of the staff members that you have on your personal staff. I'd like to know what their salaries are as well. And I'd like to know what sort of expenses that they might have pertaining to automobile expenses and air travel, that sort of thing, in the last fiscal year.

Hon. Mr. Swenson: — I have three that I believe would be what the member wished, Mr. Chairman. There's Shelley Jones, ministerial assistant 2 — 2,675 a month. Do you want me to read the list? Nonie Heinrich, ministerial assistant 2 — 2,675; and Jason Wall, ministerial assistant 2 — 2,675. These were last adjusted July 1, '89.

Mr. Solomon: — Well, Mr. Minister, that's interesting because I have here a copy of a letter of agreement that you have appointed Shelley Jones as ministerial assistant 4 as of November 1, '89, and her salary is not 2,675 a month as you've indicated this afternoon, but her salary instead is about \$3,592 a month for a yearly salary of \$43,104 plus or minus a few dollars.

I'm wondering whether you're aware of this or whether she's been downgraded, or whether the copy of a letter of agreement that I have that is signed by yourself, by Shelley Jones, and by George McLeod, who's acting president of the Executive Council, is a forgery or not.

Hon. Mr. Swenson: — I'm sorry, Shelley has a new job since July 1, 1989 and the figure that you have is the correct one, because she is now chief of staff in my office. She was, as of July 1, 1989 was a ministerial assistant 2 with the Department of Agriculture.

Mr. Solomon: — So, Mr. Minister, she's no longer employed on your staff; is that what you're saying?

Hon. Mr. Swenson: — She is now employed on my staff as chief of staff and has a different classification than what she had. This information was of July 1, '89, and at that time she was with a different department.

Mr. Solomon: — Okay, so what you're saying then, Minister, is that she was given a 35 to 40 per cent pay increase because she changed jobs. Could you share with us the educational background of this employee, and inform all of us how this person was provided with or why she was provided with a 40 per cent increase in salary? What qualifications does she have, Mr. Minister?

(1445)

Hon. Mr. Swenson: — I think, Mr. Chairman, the important point here is that Miss Jones went from a ministerial assistant 2 to chief of staff in my office, and as such has a different classification today, which the member is well aware of, and salary is well aware of.

Mr. Solomon: — Could the minister share with the House this afternoon the reasons for the 40 per cent salary increase; and could you also give us the qualifications of this person which would warrant a 40 per cent increase in salary from one job to the next in the same political appointed positions?

Hon. Mr. Swenson: — Once again, Mr. Chairman, I just reiterate. Miss Jones has gone from a ministerial assistant with the Minister of Agriculture to now being a chief of staff in my department, which includes Energy and Mines, minister responsible for SEDCO, minister responsible for Agdevco, minister responsible for Saskatchewan Mining Development Corporation, and has a lot of responsibility associated with those various portfolios and responsibilities, and certainly is within the range of other people with similar responsibilities within government. And I think, Mr. Chairman, that is all I've got to say.

Mr. Solomon: — Well, Mr. Minister, I'd like to get to the bottom of this. We have your explanation, which doesn't really hold a lot of water. You're saying this person worked for the Premier, came to be working for you, and deserves a 40 per cent increase because she's not working for the Premier any more. And I'm wondering whether you could share with us, in whatever fashion you think is appropriate, the basis for which she deserves a 40 per cent increase with respect to her qualifications.

I'm interested to know because you seem to be side-stepping the issue, and I didn't want to take a lot of time on this. I was hoping just to get a quick response and get on to the issues that I feel are a little more pertinent. So could you share with us this afternoon, Mr. Minister, what her qualifications are and why this 40 per cent salary increase?

Hon. Mr. Swenson: — Once again, Mr. Chairman, the lady in question was reclassified from a ministerial assistant to a chief of staff in my office with a great deal of responsibility. And that responsibility is to the taxpayer of Saskatchewan to ensure that all of those various areas that I mentioned are properly looked after.

And Miss Jones certainly isn't, in my view, overpaid. She has demonstrated in her time in government to be very competent and is doing an excellent job for the taxpayer of Saskatchewan as chief of staff in my office.

Mr. Solomon: — Well, Mr. Minister, this is obviously a very sensitive point from your perspective. You have increased this person's salary by 40 per cent without explaining to the people of this province what qualifications she has. I'm sure the deputy minister sitting beside you and some of your officials would be anxious to know how they could get a 40 per cent salary increase without having any particular qualifications that they would bring to the job.

Mr. Minister, I would like to ask you to perhaps dig a little deeper in your box of answers there and share with the people of this province why this person was given a 40 per cent salary increase and what special qualifications that you attribute to her. And I'm talking about educational or experience qualifications as opposed to, she's a nice person. I suppose she is a nice person; I've never met her. What I'm trying to get to the bottom of is what are her qualifications that the taxpayers are paying \$43,104 a year for? Could you share that with us, please.

Hon. Mr. Swenson: — Mr. Chairman, as I've said before, Miss Jones was reclassified from being a ministerial assistant 2 in the Minister of Agriculture's office to chief of staff in the office of the Minister of Energy and Mines.

Now Miss Jones does have a university education, as a matter of fact she has a Bachelor of Science degree in agriculture. She also has an agricultural economics major and certainly has a good university background. But I believe that Miss Jones in her duties with the Government of Saskatchewan has demonstrated an excellent ability to work with people and to provide a very diligent service to the taxpayer of this province. And certainly with the amount of responsibility that she has in my office as chief of staff, I believe that Miss Jones's salary serves a good purpose to the taxpayer of this province.

Mr. Solomon: — Well, Mr. Minister, I see you want to drag out the estimates today. I see that the answer you provided is exactly what I was requesting three or four questions ago. Perhaps I'm not being clear enough in my questioning, and I'll endeavour to be a little more clear for the new minister. And I know those are difficult questions to understand, what are qualifications of a person that

you've increased their salary by 40 per cent of. But perhaps the former minister of Energy and Mines, who is seated in front of you, will prompt you a little earlier and a little better, because I don't want to spend the next four or five months asking you questions which I feel deserve far less time.

But, Mr. Minister, I'd like to raise with you now the question regarding the out-of-province travel by yourself, by the former minister for the last fiscal year. And I'd like to ask you to table or provide to us in writing — not necessarily verbally but in writing to us — in the next day or two, the destinations to which you and the former member, former minister travelled to, the purpose of the out-of-province trips, the dates, the number of persons travelling with you, and the total cost of the trip.

And I'd like also to get from you the 1990 and 1991 budgetary allocation for the ministerial out-of-province travel, and also for the department out-of-province travel, and how much your department spent on the use of the government aircraft in the last fiscal year, and how much was budgeted for this current fiscal year in the 1990-91 estimates.

Hon. Mr. Swenson: — I believe, Mr. Chairman, I have that information here. And if the hon. member would like, I'll send it over immediately.

Mr. Solomon: — Thank you, Mr. Minister. I appreciate that. I'd also like, Mr. Minister, to know what your advertising and/or marketing, communications, public relations budget is for the 1990-91 fiscal year and which line in this budget contains the budgeted amounts?

Mr. Chairman: — Why is the member on her feet?

Hon. Mrs. Smith: — With leave, Mr. Chairman, I'd like to introduce some guests.

Leave granted.

INTRODUCTION OF GUESTS

Hon. Mrs. Smith: — Thank you, Mr. Chairman, and thank you to the members who are now in discussions. I would like to introduce to this Assembly today, Mr. Chairman, a group of students from Swift Current. They are grade 3 and 4 in the Speaker's gallery. There's 47 of them and two teachers: Mrs. Dallas Kolb and Joan Kruse.

They go to Central School and Central School is one of the schools from Swift Current that makes the annual trek into Regina with a visit to the Assembly. Mr. Speaker, I would like members to welcome them today. I will be meeting with them in about 5 to 10 minutes and I wish these people a good visit to the Assembly and a good visit in Regina and I look forward to meeting you after.

Hon. Members: Hear, hear!

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure Energy and Mines Ordinary Expenditure — Vote 23

Item 1 (continued)

Hon. Mr. Swenson: — Mr. Chairman, I have some figures here for the critic and I'll send it over. These figures are the total and they would be not from any one area, but on page 37 of the Energy and Mines estimates, and these would include things such as gazetted, personal services. It's spread through those items 1 to 6.

Mr. Solomon: — So there's no one line; it's just been in every one of these subvotes in the items. Is that what you're saying, Mr. Minister? Okay. Thank you for the written information.

Mr. Minister, has the department in the last fiscal year undertaken any polling with respect to any particular issue? If so, how much did it cost?

Hon. Mr. Swenson: — No, we had no polling in '89-90, and we have no moneys budgeted for it in '90-91.

Mr. Solomon: — Okay, thanks very much. I appreciate that because that was going to be my next question. So you've answered that in anticipation.

Mr. Minister, I'd like to now get to an issue which was raised last year in estimates, and I'm glad that the former minister is here with you because it pertains specifically to Saskoil and there is a number of questions that I want to raise in relation to Saskoil.

Last year, for the purpose of the chairperson and for the purpose of the members of the House, it was confirmed through our estimates procedures that the Minister of Energy and Mines makes appointments to the board of Saskoil and makes these appointments through an order in council. The board members are appointed, I remind you, to put forward and represent the interests of the public with respect to the equity position that the Government of Saskatchewan holds in Saskoil.

So I'll just want to start out by asking the minister with respect to this Saskoil, whether he can from a policy perspective give us an overview of the procedures that the government's used in taking our position in Saskoil of 60 per cent equity and allowing it to having to be diluted from 60 per cent down to 23 per cent where we are today. And I'll start out with that, and I have some other questions which are related.

But I guess the brunt of the question that I ask now, Mr. Minister, is this: Saskoil was privatized in 1985; the Government of Saskatchewan received \$75 million for 40 per cent equity of Saskoil. We retain 60 per cent equity through common shares, and since that time we've gone from a 60 per cent equity to a 23 per cent equity position in Saskoil, relinquishing 37 per cent, which in essence is control of Saskoil. We've relinquished that control.

And I want you to explain to this House today precisely how that was done and why you gave the permission of the representatives on the board — at that time we had six members out of the ten; now we have about three — why and how it came to be that you gave that kind of advice to the board to allow them to dilute the government's equity

from 60 per cent down to 23 per cent without providing the taxpayers of Saskatchewan any consideration financially whatsoever. We have not received, in lieu of that equity, one red penny. And I'm wondering if you could today, Mr. Minister, explain the government's policy with relation to that issue, please.

(1500)

Hon. Mr. Swenson: — Mr. Chairman, I'm trying to answer the member's question. It's an area that . . . some of which goes beyond the realm of the Department of Energy and Mines, first off. I think it's been known from the outset, with the privatization of Saskoil, that it was always the government's intention over time to decrease its portion of the shares in the company. This is a public company and most of the dramatic growth which Saskoil has undertaken over the last few years is certainly all in the public domain.

It was also announced at the time of the privatization of Saskoil that the government did not intend to vote its shares to direct policy of the company, but that it would allow the company to function as a public company who would hold annual shareholders' meetings; that the board of directors at that time would explain to the shareholders the direction of the company, and the shareholders would have the opportunity to question and vote their mind on the direction of Saskoil. And certainly that process has been an ongoing one over the last four or five years.

Saskoil has seen dramatic growth. They are one of the largest players in the natural gas industry in this province. They're involved in most of the hydrocarbon areas of development.

And certainly as the member well knows . . . and I understand he was at a Saskoil annual shareholders' meeting recently and was posing those sorts of questions which can be posed at annual general meetings by shareholders. And I believe that would be the best place to get information as to the direction that Saskoil was going with its investments and where the company planned to be at the end of next year with their developmental policies.

Mr. Solomon: — Mr. Chairman, with all due respect, Minister, I think you've missed the point. The point is that from a Saskoil corporate perspective, there are questions in relation to the annual report into the function of the corporation that are usually asked at annual general meetings, that I asked in many instances. I was the only one, by the way, that asked questions at the last general meeting, and they were pertaining to the annual report and the functioning and the debt, and so on, of the corporation.

Well what I'm raising with you today has nothing to do with that yet. What I'm raising with you today is what I raised last year in the House that was not answered. As a matter of fact, in *Hansard* on the two days that I debated this with the minister, your predecessor, she said on 12 separate occasions with respect to Saskoil and the questions pertaining thereto, that she would respond or get the information.

As a matter of fact, I have a letter here which says, and I addressed it to her — this was about a month or six weeks after I had raised this in the House — she said: 'The hon. member from Regina North West will receive answers to these questions. I will get the answers for him.' And on 12 separate occasions — I counted them myself in *Hansard* — she said things like, and I quote: 'I would be pleased to take it and in turn find the information.' 'I will be delighted to get . . . (the information) for him. 'I'll wait for *Hansard* to come out in the morning . . . and we'll get him the information he wants.' And on the specific question of Sask Oil and Gas: 'I will get the information for the member,' etc., etc., etc. Twelve separate occasions.

On July 24 I had yet to receive any information from the minister. I wrote her a letter dated July 24 reminding her of her commitment to this House and to the opposition and to myself, and I have not yet received a reply.

Further to that, I raised it in the House behind the rail over here, in person with the minister and asked her again to get the information that was important with respect to the taxpayers and the equity position, the equity loss of this corporation which is very important to the taxpayers of this province. And she said verbally, oh yes, we'll get the information — to quote the 12 times that she reiterated this in *Hansard*.

So, Mr. Minister, I think we've got a bit of a problem here. The problem is that Saskoil provided dividends to the province of Saskatchewan in the last two years of operation to the tune of \$37 million. In the last five years, we have not received as a province, as an owner in the corporation, of one penny. We've not received one red cent in dividends from Saskoil.

We have been in the position of 60 per cent control in Saskoil; we own 60 per cent of it. We have gone from 60 per cent to 23 per cent, given up control, given up 37 per cent of our equity position for nothing. The province of Saskatchewan, the taxpayers, CIC (Crown Investments Corporation of Saskatchewan), EMR (Energy, Mines and Resources), nobody in this government received a nickel. Not one red cent for 37 per cent equity.

And if you look at the stock market, Mr. Minister — I know you're all wheelers and dealers over there in the stock market — we saw what a wonderful deal you made for the Potash Corporation of Saskatchewan. You lost \$441 million in a matter of three months on the Potash Corporation of Saskatchewan, wonderful wheelers and dealers. And I suppose that is . . . when you compare Saskoil to that, maybe that's not a big deal.

But the people of Saskatchewan know, more and more of them know, Mr. Minister. And the wheeler-dealer friends, the member from Biggar and others who wheel and deal in the stock market, can tell you, when somebody buys the controlling interest in Saskoil or any other major corporation, or a shareholder relinquishes controlling interest in a corporation, an equity position, a premium is always paid on the shares. We don't give them away for nothing. Do you think Consolidated-Bathurst, when they sold it to Stone Container, sold their controlling shares of the corporation, they gave them away? Because if you

believe that for one minute, then you guys are crazier than the people of Saskatchewan believe you to be, and they believe you're pretty crazy.

And I have here from the stock market, the Toronto Stock Exchange, for the member from Regina South because he's such a big wheeler-dealer — he's always made such big deals — and I quote from this, Mr. Chairman:

Stone Container, an American corporation, offered \$25 a share, which is a 50.4 per cent premium over Consolidated-Bathurst's closing price on the Montreal Stock Exchange of \$16.63, for 102 million of its common shares.

So we see in every private market, when you've had an equity position controlled by a company or an individual, a premium is paid for that equity, except of course in the wonderful manipulation of the free enterprise system by the government opposite.

They don't believe in protecting the interests of the people of this province. They don't believe in receiving money for equity, and in particular, control of a corporation that was profitable. But instead they gave away, as they gave \$441 million of the potash corporation, 37 per cent equity of a major oil and gas corporation.

Now, Mr. Minister, we've established in this House that you as a minister sign the order in council, the Premier and the president of the Executive Council signs the order in council appointing the members of the board of directors of Saskoil. When the dilution of equity went from 60 per cent to 23 per cent, you had six of the ten board members.

I am asking you to stand in this House today with respect to the policy of giving up the equity in this corporation to explain to the people of this province what marching orders you gave the board of directors to authorize this and why you did that, and was there some reason for doing that, Mr. Minister, that we haven't perhaps thought of. Can you explain that to us?

Hon. Mr. Swenson: — Mr. Chairman, first of all, and I think it's an important point to make here, we are discussing the estimates of Energy and Mines, not just Saskoil.

I believe last year, the information given to me is that the former minister, the now Deputy Premier, did offer to facilitate a meeting with the member opposite and people from Saskoil and that that invitation was politely declined by the member opposite, for whatever reason he chose at the time. That's the information given to me.

Moving on to other points that the member made . . . and once again we're talking about a public company. The block of shares that were held by the Government of Saskatchewan, as known to everyone in this province, are very widely distributed to every walk of life in this province. We run into people all the time who purchase Saskoil shares for whatever reason — as investments for their children to have to go to university, part of investment portfolios for retirement, all sorts of reasons.

But anyway, tens of thousands of people bought Saskoil shares. They're very widely held.

I think the point the member was making about some mining companies in Ontario was that people came in and bought large blocks of shares in order to assume control of corporations. That's an entirely different situation. The blocks of shares that were in the government's purview and have since been put out to the public are not held in large blocks by any one particular individual or corporation; they are very widely spread. And so there was never any intent to do a take-over of Saskoil with those particular shares.

(1515)

As far as shareholders go in companies, they always have two choices to make. And the petrochemical business is no different than any other in that as the company is growing and growing rapidly as Saskoil has, you have the choice of either leaving your profit in the company to achieve further growth or you declare dividend per share.

I think it's been very evident and obvious to the people of Saskatchewan that Saskoil has chosen to grow and grow very dramatically. There've been some opportunities in the market-place that weren't presented before. We've had the case of a number of the major players in the western Canadian basin leaving the oil and gas area, the traditional areas in the last few years. And there's been opportunities for mid-size and junior and small companies to pick up properties to do further development. And certainly this has been the case with Saskoil where you've seen acquisitions, large blocks of land acquired to do drilling on, to do development on, the assuming particularly in the gas prone areas of major developments.

And I guess that leads to the other point. Saskoil has been contributing to the taxpayer of Saskatchewan because that they have moved into areas such as natural gas, which prior to 1982, was a nonentity in this province. Certainly by Saskoil at the time and by other companies and because of policies, that area is now very vibrant. And certainly the royalties that are being derived back to the taxpayer, the taxes that are paid by these companies as they develop that natural gas resource and those horizons are expanding every day, by the way — are paying those royalties and taxes back into the taxpayer. So a larger, bigger, public Saskoil has certainly contributing to the wherewithal of this province for the health and education and social programs which we've come to rely upon here.

So the member's entirely wrong when he says that there's nothing accruing back to the province of Saskatchewan because certainly those benefits of Saskoil's growth — the number of wells drilled, the barrels of oil pumped, the thousands of cubic feet of gas into the pipeline system — are contributing to the wherewithal of the province.

Mr. Solomon: — Well, Mr. Minister, let's just start with the first point you made. First of all, I have here a copy of *Hansard*, and the minister on 12 separate occasions during the course of the estimates last year committed verbally in *Hansard*, recorded in *Hansard*, that she would

obtain information with respect to the equity situation.

I've talked to her verbally and I've written her a follow-up letter, and nothing has transpired since. Yes, she said, you should maybe meet with the president of Saskoil. And I have talked to the president of Saskoil and I'm happy to meet with him to talk to him about the operations of Saskoil.

What I'm raising with you today is not the operations of Saskoil, but I'm going to make some examples in a few minutes. What I'm raising with you, Minister, is a governmental policy decision, taking a corporation that you had 60 per cent equity in, a corporation which returned to this province in 1983 a \$30 million dividend plus pay all the taxes you talked about earlier — what this corporation does.

But on top of that they paid a \$30 million dividend to the treasury to help the taxpayers out, to help pay for education and agricultural programs and some of the health care programs. In 1984, they paid \$6.605 million dividends and they kept retained earnings of about \$36 million. In 1983, '84, and '85, this company made about \$114 million net profit and returned to the province in two years of dividends, about 37 million plus all the wonderful things you talked about.

But in 1985 it was privatized, and for 40 per cent equity, we received \$75 million, much of which was taken from the markets in a floating of the shares. But the corporation at that time had over 53 million cash in retained earnings, flush cash in retained earnings to boot. So we had 60 per cent of a very profitable corporation. We had a corporation with a debt/equity ratio of .09:1 that is now at .49:1, which is about 49 per cent. And that's what the debt/equity ratio is translated in the annual report.

But if you look at the annual report, the very complex financial accounting procedures, you do a little digging, it's not .49:1; it's .54:1, which I raised at the annual meeting, and they did not disagree with — .54:1. It's gone from .09:1 to .54:1 — 600 per cent increase in the last five years.

Mr. Minister, I'll get back to that in a minute, but the point I'm trying to make here is that you — as a minister in the cabinet of the Premier's cabinet, a leading Conservative policy-maker, and you're a forerunner of the deputy premier — made a policy decision to take 37 per cent equity of a very profitable corporation and give it away for nothing.

And you say that premiums are paid on shares by the buyers, and that's correct. But when you look at all the examples in the stock market, the majority of them are initiated by the companies who want to sell their shares. And the example I use is that very example, where Consolidated-Bathurst (Inc.) wanted to sell their shares, and they wanted to get as much as they could for them, and they made a good deal for themselves and their shareholders. They got a 50.4 per cent premium on what the shares were trading on the stock market.

But the wizards over there, of your government, they did one better. They didn't get a 50 per cent premium or a 20

per cent premium or a 10 per cent premium or even at par; they gave away 37 per cent equity for nothing.

If you think that's a good move, Mr. Minister, then it's no wonder you're 13 or \$14 billion in the hole as a government. Because you keep doing that, corporation after corporation, and you're going to end up with 14 or \$13 billion in debt in seven or eight short years that you've been in government.

So my question is, Mr. Minister, we have a corporation that has gone from 60 per cent equity to 23 per cent equity held by the government. You have given up 37 per cent ownership of a very successful oil company for nothing in return.

And I'm saying you've given up the ownership. It was owned by the taxpayers of this province. And I want you to explain to this House whether you gave those marching orders to your appointments to the board, your six members, or whether they were so incompetent they let it go by without noticing. Were you in compliance, and did you encourage these board members to allow that to happen, or can you tell us what indeed did happen, Mr. Minister?

Hon. Mr. Swenson: — Once again, Mr. Chairman, it's a fairly broad-ranging discussion that we have here. I guess to answer it as shortly as possible to the member opposite, is that I think I would rather own 23 per cent of 1.2 billion than 100 per cent of 200 million. And that's the difference that we're talking to between 1982 and at present. And the share value alone of Saskoil has gone from \$9 to 13.

Now there's hardly . . . and I would doubt if there are any oil and gas companies around out there today, given the same time period, on a \$9 share, that have had a \$4 increase. And I think that shows that Saskoil's asset base is probably one of the soundest portfolios in the business in the western Canadian basin, in order to have that kind of confidence in the share value.

And the very fact of it is that the Government of Saskatchewan has 23 per cent of a very solid oil and gas company, one that is worth five times more than when it was a Crown corporation. And I think that's very significant.

Mr. Solomon: — Well you obviously don't want to answer the question with respect to accountability. And that's perfectly understandable, Mr. Minister, because you are not being accountable. Your predecessor, the Deputy Premier, reached the epitome of unaccountability and irresponsibility and became a Deputy Premier. Now maybe that's what you're aiming for, but you keep this kind of response up and you'll be in the same ballpark.

Mr. Minister, I'm talking about a policy decision of the government. I'm not talking about share values. But if you want to talk about share values, the book value of Saskoil is 1.1 billion, which was the same book value of the Potash Corporation of Saskatchewan, and we lost . . . or you lost, for the taxpayers, on behalf of the taxpayers, \$441 million in a matter of weeks or months.

And the other thing I want to raise with you with respect to the share . . . You're the one who raised it and I think I deserve a reply. And that is that Price Waterhouse — for your information, that's an accounting firm — they produce an annual oil and gas survey, which your officials will know about, which summarizes the financing and the financial reporting of a major segment of the oil and gas industry.

And the statistics, Mr. Minister, include debt/equity ratios for the survey group which covers 30 companies including Saskoil. In 1988 the weighted average debt/equity ratio was .45:1. Saskoil at that time was .43:1.

This has been declining since 1986 of all the companies. In 1986 the average, or the weighted average was 80 per cent of all oil companies' equity. There was 80 per cent equity for every dollar debt — .8:1. It's been declining in the last five years to where now it's at 45.3 which is a little more manageable. Still in some problems.

On the other hand, we've seen Saskoil who provided this province with profits of 40 million a year — and we got dividends out of that profits as deemed by the Executive Council of the day. Out of that profit we got 37 million the last two years alone that it was in operation as a Crown corporation.

So we've seen a dramatic decline since 1986. And if you take the abnormal debt of Amoco, which . . . they purchased Dome, and the negative equity of Ocelot is removed, the debt/equity ratio is actually .296:1 or 29.6. That's the average debt; not 49 or 54 per cent as we see Saskoil. And the median figure is 34.6.

So we see Price Waterhouse and you compare Saskoil's 54 per cent, it is sheer fiction for you to conclude that this is a prudent and manageable level. Because when you're faced with high debt, Mr. Minister, you've got interest rates that affect the debt and affect the viability of the company; you've got the exchange rate. For every cent the dollar increases to the U.S. dollar we lose a million dollars in revenue in the oil business. You may not know that but ask your officials; they'll probably tell you that. And on top of that we've got fluctuating oil and gas prices.

(1530)

So when you've got an oil company that's bucking the trend like Saskoil, increasing its debt where every other oil company is trying to decrease their debt, and you've got no profits in Saskoil and no dividends paid to the shareholders in five years, you're saying that's a good deal.

Now we can debate that. And I've only got Price Waterhouse to use as back-up and if you want to attack them, I'm prepared to defend their reports. But the point, Mr. Minister, is: your government, in a policy decision, instructed your six members of the board out of the ten members of the board of directors to give away 37 per cent equity in this corporation for nothing, for zero.

And I want you to stand in this House, Mr. Minister — maybe get some advice from the Deputy Premier who gave 12 commitments last year to get me information

which she never did, and maybe she can share the information with you now or maybe she can stand up in this House and share the information with us today — that can you, in a policy sense, explain, Mr. Minister, to the taxpayers of Saskatchewan why you instructed the board members to give away 37 per cent equity? Why you believe that was a good policy for the taxpayers? And why you didn't want to take some premium or some cash, even at par value, in exchange for that equity?

Because if we've got 23 per cent equity, there's only equity, Mr. Minister, if you sell the shares. There's only cash if you sell the shares. And I would bet you if you sold 25 million shares of Saskoil on the market, they wouldn't be selling for \$13 or thirteen and a half, whatever they're selling for; they'd be selling a lot closer to six or seven bucks, and we would therefore have lost a great deal of money.

But the point, Mr. Minister, is I want you to answer the question with respect to the giving away of the equity; what policy decision was made, why the cabinet advised your board of directors to do that, or did they do it on their own? And if so, we want to know what's happened with respect to these board of directors. Why did they do this?

Hon. Mr. Swenson: — Well, Mr. Chairman, I believe it's been clearly understood from the beginning of the privatization of Saskoil that this was going to be a public company and one which was expected to undertake a growth period in its endeavours. And what we have seen in the case of Saskoil is unprecedented growth for a number of reasons which I outlined before.

The Government of Saskatchewan has 23 per cent of a \$1.2 billion company, where before they had a hundred per cent of a \$200 million company. Now I would say that the position of the Government of Saskatchewan is equal to or better equity-wise than it was before.

We have a company today which is the largest producer of natural gas in the province of Saskatchewan, a resource that no one even thought of until this government came along. Saskoil is the second largest producer of oil in the province of Saskatchewan now.

What the member opposite has done is take a small window of a company that has had growth beyond anyone else in the sector. They have made investments, they have made acquisitions, they have prepared themselves for the future. And I think it's the future and the management that that company applies to what they have in the way of an asset base that will tell the true story of Saskoil.

And I think the questions that the member asked vis-a-vis share value and potential development down the road are the types of things that he should pose to the board of directors at an annual meeting. And it is a public company and that information is public, and the press attend and they report on these things. And, Mr. Chairman, I don't think there's a whole lot more on that particular topic that I can enlighten the member opposite with.

Mr. Solomon: — Well, Mr. Minister, you obviously don't

concur with Price Waterhouse. You don't concur with the fact that you have any responsibility for Saskoil. You call Saskoil a public company. Well it's no longer a public company; it's a private company because you've privatized it. That's exactly what it is. A public Crown corporation is a public company; it's owned by the public.

And for the minister's information, the 1988 annual report says that if you take away the government shares, 2 per cent of the remaining shares are owned by Saskatchewan residents and the other 98 per cent are owned by people outside of this province. And I'm wondering whether the minister agrees with a corporation being privatized, being controlled entirely by people living outside of this province or not.

Hon. Mr. Swenson: — I'm sure, Mr. Chairman, that Saskoil would be more than happy to provide the member opposite with a breakdown of their shareholders, and that's the proper type of thing, I suppose, that he could ask at the general annual meeting.

Mr. Solomon: — Does the minister believe that a privatized corporation like Saskoil, that it's good for the company to be owned in the majority by people residing outside the province of Saskatchewan?

Hon. Mr. Swenson: — My concern, Mr. Chairman, as Minister of Energy and Mines, is to make sure that people developing the oil and gas sector in this province obey the rules of this province, that they pay royalties — which by the way, are the highest royalties in North America — that they pay their taxes, they abide by the environmental rules that exist out there, and that the people of Saskatchewan get a fair return on the resources of this province. And I think my department does an admirable job in that regard.

Mr. Solomon: — Well let me rephrase the question for the minister. He obviously hasn't heard or doesn't understand it.

Does the minister believe that a company like Saskoil, that it's in the best interest of the people of Saskatchewan and the best interest of the corporation that the majority of ownership of the company should be owned by people living outside the province? Do you think it's good or bad?

Hon. Mr. Swenson: — Once again, Mr. Chairman, I don't know where all the shareholders of Saskoil reside, but I do believe that a publicly traded company with a very wide shareholder base in this province and across Canada is a far better way to develop our oil and gas resource than one that is wholly owned by the Government of Saskatchewan. And I think past history in this province and the reaction of people in the hydro-carbon business would prove my point.

Mr. Solomon: — Mr. Minister, the 1988 annual report clearly states that if you take the government ownership of shares and you look at the remaining shares that make up Sask Oil and Gas Corporation, that 98 per cent of the shareholders reside outside of Saskatchewan. Do you believe that's good for the province of Saskatchewan or

do you believe it's not good?

Hon. Mr. Swenson: — Well, Mr. Chairman, I'm glad that people in Saskatchewan have the opportunity to invest in a company like Saskoil, one that has shown such dramatic growth. And I think it's also a vote of confidence from people across this country that they look to Saskoil as a wise investment decision to bring their money to Saskatchewan to be invested here in the development of our resources.

And certainly when one looks at the natural gas side of things, they have invested wisely because this company has obviously moved great distances in that regard since they've had access to public money.

And as a wholly owned government corporation, it had to be the taxpayer of this province that was on the hook totally for those developmental decisions. Saskoil has outgrown any expectations that people had of it because of its ability to expand its market horizons.

Mr. Solomon: — So do you believe that it's good for Saskatchewan that Saskoil's expanding outside of the province?

Hon. Mr. Swenson: — Definitely, Mr. Chairman. I believe that it's good for Saskoil to expand in many areas in the oil and gas business.

Mr. Solomon: — Mr. Chairman, let me rephrase the question. Do you believe that it's good for Saskatchewan, for the people of Saskatchewan, for the Government of Saskatchewan, for the province of Saskatchewan, that Saskoil expends more and more money outside the province and does more exploration development outside the province? Do you believe that's good for the people that you represent?

Hon. Mr. Swenson: — Mr. Chairman, I think it's good for the province of Saskatchewan any time that a growing oil and gas company is headquartered in our province and that it will diversify, it will expand its asset base so that the ups and downs of the market-place are not as traumatic as if a company was only into one particular line of endeavour.

And the very fact that it's headquartered here, its corporate presence in this very city is well known around the community and that that corporate presence will grow and expand and that Saskoil will be there for many years to come, because everyone who has analysed that asset base says that it is very strong.

Under the previous NDP government for instance, Saskoil had nearly all of its focus in the heavy oil area, which is far more risky than today's varied asset base which is oil, gas, everything else. So I would say that the ability of Saskoil to be here and contribute is far greater today than it ever was under the NDP.

Mr. Solomon: — I point out for the minister's information, I'm sure he's not aware of this, but much of Saskoil's expansion has been through acquisition, not through exploration and development. As a matter of fact, when you look at the annual report, as I am sure the minister has

done from cover to cover, he will note that in view of the hundreds of millions of dollars of acquisition that has taken place in the last two years, that in fact if they hadn't been acquiring, they are actually producing much more than they're finding through exploration.

And that may be good or bad. It's obviously good in terms of diversification, but I don't know how good it is in terms of the province of Saskatchewan. That's the question I'm trying to get at, Mr. Minister.

You are saying it's good for the province of Saskatchewan that this corporation goes to the Netherlands, it goes to Great Britain, it goes to Europe and the North Sea, and spending money in exploration and development and finding oil. And I want you to tell the House, Mr. Minister, how, in your view, in view of that, and that's what they're doing — in view of the fact that Saskoil has a \$795 million tax write-off for future considerations, which means they will never pay income tax in this province, can you tell us in view of those two elements, in view of the fact they're exploring outside of the province, and I'm sure you will want to explain to us how we're going to get royalties from that. How is it so good for the province of Saskatchewan that Saskoil . . . that it's important to the province of Saskatchewan that Saskoil expands in these areas? Can you tell us that? How is it going to be good for us?

(1545)

Hon. Mr. Swenson: — Once again, Mr. Chairman, the decisions to invest in various areas of the western Canadian sedimentary basin, or in fact in other areas of oil and gas, are decisions by the management of the company in question.

You have to have income earning opportunities widely spread in the oil and gas business today so that you can continue to make further investments. It's not a question of being able to stand still in your developmental policies. And certainly we know the experience of some companies under the former NDP government, where they just plain came to a standstill in this province, and that there was no new development taking place, that many of the oil plays in this province were stagnant under that particular government.

So I think it's . . . the company is making decisions. And as far as opportunities, as long as Saskoil is headquartered here, and I believe they will be for a long time to come, that there will be opportunities for university graduates in this province, the engineers, accountants, people in the geological, geophysical fields, that will have opportunities with this company. And certainly most oil companies in the world today — so many of them are vertically integrated from the well-head to the pump — because that income-earning ability, the wider it's spread the more opportunity there is for the company. And I think Saskoil certainly is doing the best they can to expand those income-earning opportunities.

Mr. Solomon: — Mr. Minister, you're the minister responsible for Energy and Mines in Saskatchewan. That's your title, that's your privilege, that's what you're being paid to do.

And I've asked you a question with respect to why your government initiated the policy to give up 37 per cent equity of a very profitable corporation, one that didn't have a book value of \$1.1 billion, but one that made more profits in each of the last three years in operation as a Crown corporation, than this company has made in a cumulative sense for five years.

And it's also — by the way, Mr. Minister — we had 100 per cent of a corporation which provided dividends to the people of this province in the last two years of \$37 million, plus that retained earnings of 58 million. Now in five years we've given up 37 per cent equity; we've received nothing in terms of dividends. You're saying that's a good deal.

And you're saying as well, it's important and beneficial to the people of this province that Saskoil spends hundreds of millions of dollars in Alberta to purchase properties and to pay royalties to the Alberta government, and to hire people and guarantee jobs in Alberta. And that it's important for the province of Saskatchewan that they go to Belgium and Spain and France and the Netherlands in the North Sea and explore there and pay royalties there and hire people there to do the work.

I'm wondering if you could give us some idea why you think this is benefitting the province of Saskatchewan? I can't figure it out. You're talking about it, but you're not giving us an example of more jobs or more royalties or some dividends. Can you explain precisely, Mr. Minister, from your perspective as a highly paid member of this legislature and member of the Conservative cabinet protecting the interest of the public, how the interest of the public is protected when Saskoil does that? Could you just give us some explanation?

Hon. Mr. Swenson: — Mr. Deputy Chairman, the member opposite has repeatedly said over and over again that this company somehow has less value for the Government of Saskatchewan. And I'd just like to quote from May 14 section from the *Leader-Post* article by Mr. Eisler:

The province currently holds 15.8 million shares, which based on current market value means the province's equity is worth approximately \$205 million. When coupled with the \$75 million it originally received, the government has received benefits or retained value in Saskoil equal to when it was totally owned by the government.

Now I think that point is clearly understood by everyone.

When you talk about benefits, you obviously have had increased investment, number one. Increased investment means increased revenues. Increased revenues work out to increased reserves. No one doubts that Saskoil has increased the reserves. Increased reserves mean increased energy security. At least that's clearly understood by anyone that knows the oil and gas business — that as your reserves go up, so do your energy security.

In turn, those three things mean that you get development out in the field; that means jobs in the oil and gas

producing areas.

And I think if the member opposite went out to some of the localities in this province where this takes place, he would understand the local economic activity, the spin-offs, the opportunities for the future that exist out there, because people have an opportunity to expand their horizons because Saskoil has expanded theirs.

And it's quite simple. And you go right from north of Lloydminster all the way to south of the Cypress Hills and all the way across to the Manitoba border, and people will tell you that this is exactly the scenario that they think is good for the province of Saskatchewan, it's good for their communities, it's opportunities for their young people, and it pays taxes for our province.

Now that's the benefits that the member asked me about. They're well understood by tens of thousands of people in this province. And all you have to do is go out there and ask. Saskoil, in another point that the member raised, is prudent, as are most oil and gas companies today to spread and reduce the risks that they undertake in their operations. And that's good for the shareholder when they do that. It allows them to generate cash flows and profits that they then can use to build for the future.

All of those things in combination make Saskoil a good company. And a good company is a good investment and has to be good for Saskatchewan. And if the member can't understand that, he should go out into the field and talk to the people there and they will soon educate him as to those realities.

Mr. Solomon: — Well the minister is right. I've been out in the field and the people in Alberta think that Saskoil spending \$111 million cash for the ICG Resources in Alberta to protect jobs there and to pay royalties to the Alberta government is a good deal. They think it's great.

I was out at Consul a little while back, last summer, or late summer or early fall, and there were people working in Consul, Saskatchewan. Unfortunately all of them had Alberta plates on their trucks. I couldn't figure that out. Maybe some of the Saskatchewan people were holidaying and went to Alberta, bought plates, and came back to work in the Consul district. And I suppose you're right.

But I guess the point we have at issue here, Mr. Minister, is that you are getting up in this House and saying there are benefits to the people of this province as a result of the privatization. There were benefits when it was privatized: 25 per cent of the people were laid off. You've given away 37 per cent equity of the corporation for nothing. Those are benefits; that's right. Benefits to somebody, we're not sure who.

We have not received one penny in dividends from this corporation in five years, whereas the previous two years before it was privatized we received \$37 million in cash, in dividends. The company made \$40 million in its last two years and about \$1,114 million in its last three years before it was privatized. It has made nowhere near that amount over five years' total. As a matter of fact, it may just about be break even.

And if you took, Mr. Minister, the financial statements and all the paper entries that accountants have made, there's been no cash profit in Saskoil in five years, in any of the particular years. It's all been write-offs and unforeseen expenditures and carry-overs. There's been no cash flow profit.

So you're saying it's a benefit to the people of this province, and you talked about jobs in Alberta. You've talked about capital being spent in Europe and the North Sea and other areas. And I guess all those areas are benefitting.

Well, Mr. Minister, we haven't seen any revenues. We haven't seen any dividends, any revenues with respect to the profits, in income taxes paid by the company. We haven't seen any dividends with respect to our equity. We've given away 37 per cent equity of the corporation.

Now, Mr. Minister, can you tell the people of this province, when you add up all those things, can you tell us — what is the great benefit of having privatized this corporation to the people of this province?

To Saskoil it's a great benefit. They've done very well. The president and the top management are getting paid very handsomely to run the company, and we don't deny that of them. But they're the winners, Mr. Minister. They've got control of a company because you don't vote your shares at the annual meeting, and there's 98 per cent of the shareholders of this corporation, next to me, the government shareholders, live outside the province. So we've got a real good deal for Saskoil, I think. I think it's a good deal for them.

But my question to you, being minister responsible for this asset and this energy project, is: can you tell the people of the province when you might expect some kind of revenue from Saskoil with respect to dividends, with respect to income tax? Will you tell us that, Mr. Minister?

Hon. Mr. Swenson: — Mr. Chairman, it's common knowledge that both Saskoil and even SaskPower under previous administrations had stakes outside of the province of Saskatchewan. SaskPower was involved in natural gas areas in Alberta for many years. SaskPower was involved in natural gas transmission lines and for that fact so was Saskoil — by the way paying millions of dollars in royalties into the Alberta treasury simply because the NDP government of the day refused to look at the natural gas reserves which existed in Saskatchewan, but didn't use the state-owned oil company to develop those reserves so that farmers and ranchers and small towns and business people all over this province would have access to natural gas.

The alternative was to buy the natural gas from Alberta, pay the royalties into the Alberta Heritage Fund so that they could diversify their economy and make places for Saskatchewan people to go to work. That was the policy of the NDP government of the day.

Obviously the Energy critic hasn't changed his thoughts a whole lot from those days where we simply draw a fence around this province; we have a state-owned oil

company which will go and play in heavy oil or some other specific area, put the taxpayer of this province at considerable risk in the market-place, and simply tell all others to stay out; do not develop our resources on a broad basis, a comprehensive basis.

(1600)

And from what I'm hearing today, the New Democratic Party obviously have the same framework in mind for the oil and gas industry that they had prior to 1982, and I think that's a signal that the industry will be very interested in listening to.

By all comparisons of companies within oil and gas today, Saskoil is a good company, a good investment. The province of Saskatchewan has a good investment in it, and that company will continue to grow and provide jobs and investment all over this province. And I think that is a fact of life, Mr. Chairman, and will continue to be so for many years to come.

Mr. Solomon: — Mr. Minister, do you believe in foreign ownership of Saskoil shares?

Hon. Mr. Swenson: — Mr. Chairman, I don't know what definition the member opposite puts on the word 'foreign.' If it's non-Saskatchewan as they defined in the ownership of farm land, for instance, that's one interpretation. Saskoil is a broadly based, held company, publicly traded. People invested all across this country.

And certainly in the whole area of resource development, I think this government has welcomed foreign investment to develop our resources on a basis that will provide returns to the people of this province. And we certainly . . . we welcome people thinking about investing money here. That seems to be classically how you make an economy grow and strengthen itself.

If there was some request on foreign ownership in Saskoil, that would be a collective decision of government and one that would be considered. I, at this point, have no particular opinion one way or the other on it.

Mr. Solomon: — Well, Mr. Minister, I'm interested to know that you believe in the foreign ownership of Saskoil. Ted Renner, in his response at the annual meeting, indicated that he was in favour of it as well, and you obviously share his opinion.

Do the appointees, the government appointees that you've appointed to the board of Saskoil, also share that opinion?

Hon. Mr. Swenson: — Well, Mr. Chairman, what the personal opinions of those people are, I wouldn't know.

Mr. Solomon: — Do you know who those board members are, Mr. Minister?

Hon. Mr. Swenson: — Once again, Mr. Chairman, I say the personal feelings of the board representatives, they're something that I wouldn't know, and I haven't met all of them personally.

Mr. Solomon: — Let me rephrase my question then. Do you know who the three appointees are that you appointed to the board of Saskoil?

Hon. Mr. Swenson: — No, I'm not personally acquainted with them, Mr. Chairman, and off the top of my head, I can't remember all the names.

Mr. Solomon: — Well, Mr. Minister, this is not surprising. If it wasn't so serious, it would be humorous. But, Mr. Chairman, you're telling us, Mr. Minister, that all these things about Saskoil that you are sharing with the people of Saskatchewan in this House today — opinions which, I'm sure, many will be surprised at — but with respect to Saskoil, you're telling the people of the province that you as minister who appoint three of the ten directors of the board, do not know, your officials do not know, nobody in this House on the government side knows what their names are.

Now I find that absolutely incredible, Mr. Minister, although not unusual, because it seems that you and your colleagues don't seem to know a heck of a lot about anything.

You don't seem to know we've got a problem with the deficit. Even the chairperson of the board, Mr. Herb Pinder, in his remarks took a swing at you guys by saying he and the board are very concerned about excessive government debt. And he was looking you right in the eye when he was talking about it. And it was reiterated by Mr. Ted Renner, the president, that he's very concerned about government debt and he was very happy to hear that somebody in the legislature was also concerned about it, because he didn't think, at least by his comment it didn't appear that he thought that you people over there knew much about that nor cared about excessive government debt.

So it's not surprising that we've got this gross mismanagement in your government, this rampant patronage and corruption all over the place that no one seems to know about, or is before the courts and will find out about through the courts. It's not surprising that you don't know the names of these board members. I'm wondering, Mr. Minister, if you could ask one of your one, two, three, four, five, six, seven, eight officials whether they could go and phone somebody and get the names of these board members.

Hon. Mr. Swenson: — Mr. Chairman, obviously the member opposite was at the annual meeting and has the annual report, and I'm sure that he can . . . unless he was asleep for part of it while he was at the meeting and didn't catch some of the information that he's talking about.

I thought we were here in the legislature today to discuss the estimates of the Department of Energy and Mines, the reason why we're spending X number of millions of dollars on my department, and how they monitor and gather royalties and taxes and various things through the Department of Energy and Mines. And the member opposite can look in his annual report of Saskoil as we've said, as a public company, and get most of that information.

Mr. Solomon: — Mr. Chairman, I won't embarrass you further on that. Let's proceed to the request of Saskoil to the government. This is again a government policy position that you must be taking or must be considering. You said you favour a foreign ownership of Saskoil; you say and Mr. Renner says that he personally favours it. And I want to ask you, Mr. Minister, at what stage is Saskoil's request to the government to allow foreign ownership of Saskoil? They've made application to cabinet and you're a member of that cabinet — at least you were this morning. I don't know whether you're going to be tomorrow, but you must know at what stage this request is at, being minister responsible for appointing the three of the ten directors of the board of Saskoil.

Hon. Mr. Swenson: — Well, Mr. Chairman, I didn't say that. I said that if that particular question arose it would be a government decision, that cabinet would consider it, and as he knows, the considerations and deliberations of cabinet are secret. Until such a time, Mr. Renner is perfectly welcome to have whatever views that he does on ownership of shares in Saskoil as is . . . any shareholder in Saskoil can have whatever views and they can go to the annual meeting and express those views to the public and have it reported in the newspaper. And if that question came, it would be a consideration of government.

Mr. Solomon: — So you're saying that to your knowledge there is no consideration currently of allowing foreign ownership of Saskoil? Is that what you're saying, Mr. Minister?

Hon. Mr. Swenson: — No, what I said, Mr. Chairman — and to make it clear to the member opposite — I said if that question were posed to the government, the government would consider it; it would go to cabinet and once the decision was made, the public would be informed of it.

Mr. Solomon: — Well, Mr. Minister, I'm informed through press reports and through the annual meeting at Saskoil that a request has been made to the government to consider allowing foreign ownership of some common voting shares of Saskoil. Now foreign nationals are allowed to own certain classes of shares, which they do, because Saskoil sold the pile just, I think, in the December, January period.

But the question is that Saskoil has made a request of government to allow foreign ownership of the common voting shares. My question to you, Mr. Minister, is not to indulge us with speeches on cabinet solidarity; my question to you is at what stage is this request? Is it to your desk? Is it to somebody else's desk? Have you not heard of it? Where is it at?

Hon. Mr. Swenson: — I'll just repeat once again, Mr. Chairman, that the request, such as the member has mentioned, has a process that it goes through in government and he well knows it. And after cabinet have considered a request of that type it's then made public, and if there were legislative changes, for instance, with some type of request, then they would come to this Chamber. And the member opposite well knows the process and he can speculate as much as he wants where such things could be.

Mr. Solomon: — Let's end all speculation immediately. At what stage is the request?

Hon. Mr. Swenson: — As I said before, Mr. Chairman, requests such as that goes through a process, and at the end of the day the public will be informed.

Mr. Solomon: — Could you describe the process, Mr. Minister; I've never sat in that chair.

Hon. Mr. Swenson: — I think, Mr. Chairman, that I already did. Such a request would come in to a particular minister of government, and then it would go to cabinet for due consideration and the government as a whole would make a decision. And it would be handled one of two ways. Either it was a non-legislative solution or else you would require legislation, and then it would have to be brought in here.

Mr. Solomon: — To your knowledge, has this request entered the process?

Hon. Mr. Swenson: — Mr. Chairman, I believe that process is ongoing.

(1615)

Mr. Solomon: — Oh, this is good. Well, Mr. Minister, you've really solved a lot of problems here. Let me rephrase, let me rephrase that question. Earlier you indicated your personal preference, all things being equal, that Saskoil . . . there should be foreign ownership of Saskoil voting shares. Do you believe in retaining or eliminating or changing the restriction of 4 per cent limit on the ownership of shares in Saskoil?

Hon. Mr. Swenson: — Once again, Mr. Chairman, I don't believe that's what I said. I said Saskoil was a very broadly based company at present. I certainly have been in favour of companies coming to our province and investing in our resources and their development. Such a request would be considered by myself and as other members of government, by cabinet.

And I really don't know what further I can add to the member's questioning.

Mr. Solomon: — Do you believe in retaining or eliminating or amending the restriction of 4 per cent ownership of shares in Saskoil?

Hon. Mr. Swenson: — Those are the current rules and regulations, Mr. Chairman, vis-a-vis share ownership in Saskoil. And certainly I'd be prepared to look at those regulations and consider it, and if it is my purview, to make a recommendation to cabinet at some point in time.

Mr. Solomon: — Has Saskoil requested this to be reconsidered?

Hon. Mr. Swenson: — As I said before, Mr. Chairman, the process is ongoing and that type of request is being reviewed.

Mr. Solomon: — By whom?

Hon. Mr. Swenson: — Well certainly, Mr. Chairman, as Minister of Energy and Mines, I would want to be one who reviewed it.

Mr. Solomon: — You would want to review it. Have you reviewed it?

Hon. Mr. Swenson: — The answer, Mr. Chairman, is I am.

Mr. Solomon: — So the minister is reviewing the current 4 per cent limitation of ownership on shares.

Having said that, Mr. Minister, would you also have a similar response for whether or not you're reviewing the question of foreign ownership of common shares of Saskoil and allowing that to happen?

Hon. Mr. Swenson: — I'd be prepared to consider it as part of that process.

Mr. Solomon: — In your best opinion, when do you believe this process will end?

Hon. Mr. Swenson: — I don't think it would be proper to speculate, Mr. Chairman, on the will or agenda of cabinet.

Mr. Solomon: — In the minister's best guess, would it be by the time the July 1 long weekend arrives? Would it be by that date or would it be after that date?

Hon. Mr. Swenson: — I don't think it would be proper to speculate on that, Mr. Chairman.

Mr. Anguish: — Thank you, Mr. Chairman. I have a few questions to the minister concerning quarry leases. And I was wondering if the minister could tell me what the procedure is. When the Department of Highways, for example, releases a quarry lease, what is the procedure then from your department, Mr. Minister?

Hon. Mr. Swenson: — I believe, Mr. Chairman, the answer to that is that when Highways releases it, it goes into the inventory of such leases in the province unless someone applies for it.

Mr. Anguish: — Well there must be a more detailed procedure than that, Mr. Minister. If you could give me in some detail what the procedure would be when gravel becomes available. If it goes into the inventory, is there in fact a right of first refusal for anyone to in fact pick up the gravel that is in the inventory?

Hon. Mr. Swenson: — Well, Mr. Chairman, as I understand the procedure, when someone turns a lease back, it becomes unstaked Crown land until someone else applies for it, and that can be many things besides gravel. And technically, there is no right of first refusal except for the Department of Highways.

Mr. Anguish: — Well then why would your department send a letter to the RM of Beaver River asking them if they wanted to release their interest in a gravel pit that was actually not even in their RM? It was actually in the RM of Meadow Lake. And the gravel pit that I'm referring to, in

fact the quarry lease application that is your file number, is quarry lease application Y-7406.

So, Mr. Minister, there must be some procedure, otherwise why would the RM of Beaver River get a letter from the Department of Energy and Mines dated January 16, 1990 referring to this particular quarry lease application that I'm referring to? Now I would have to assume that your department has a policy of right of first refusal to rural municipalities if the Department of Highways has given up their quarry lease.

In this case, they wrote to you some time prior to this letter indicating that they wanted their quarry lease application amended, and you did that. You complied with that. And you have sent a letter from your department to the RM asking them whether or not they wanted to pursue their interest. In fact, I can read it to you if you wish, but I'm sure you have a copy of the letter.

Now I'm asking you, do you have a policy in your department that gives rural municipalities the right of first refusal on gravel pits that come available within your inventory in Energy and Mines?

Hon. Mr. Swenson: — I think the member is missing a point here, Mr. Chairman. The process that I outlined earlier can be anyone with, for instance, a quarrying lease, and there is no right of first refusal.

In the case of Highways, where Highways gives up a lease for instance, if it is applied for by an individual or a company or some such entity, then there's the opportunity to object provided two RMs that might have an interest in a Highways lease, okay? And a Highways lease is different than a quarrying lease held by any other individual. It's not a right of first refusal, it's the right to object to a Highways lease that is going to either an individual or a company or private entity of any scope.

Mr. Anguish: — Well, Mr. Minister, I'm glad that you clarified that because the gravel pit that we're talking about here today was in fact a Department of Highways gravel pit.

But the notice that would be sent out to rural municipalities as to whether or not they wanted to object to the gravel pit going to a private individual or company is sent out by your department. Your department sends out that letter asking the RM if there's an objection. Is that not correct, Mr. Minister?

Hon. Mr. Swenson: — Yes, we do. We send out the letters, and then in the case of an RM, if they object to that transfer of that lease, we then have a policy procedure to go through. And what happens is that the department then assesses the existing quarrying leases that would exist for that particular RM, and it has to indicate that there is insufficient source of, in this case it would be aggregate, to allow them to carry on their day-to-day operations.

Mr. Anguish: — Thank you, Mr. Minister, for that answer.

I now ask you that in the case of the west half of LSD (legal subdivision) 6, land location, 14-61-21-W3, which is

approximately 20 acres, why did your department not send such a notice to the Rural Municipality of Meadow Lake? You're in violation of your own procedures that you just outlined to me.

And if you sent a letter to the Rural Municipality of Meadow Lake concerning this particular land location that I'm talking about, I would like you to show me that letter and at least table it in the House here today. And if you don't have the letter with you, tell me the date of the letter that was sent to the RM of Meadow Lake, Mr. Minister.

(1630)

Hon. Mr. Swenson: — Mr. Chairman, in the case that the member talks about, my information is that both the RM of Beaver River and the RM of Meadow Lake were sent letters. In the case of the RM of Beaver River, it would be the original copy, and in the case of the RM of Meadow Lake, it would have been the carbon.

This particular parcel is on the Beaver River which I believe forms the boundary between the two RMs. And it is standard procedure that where you have a lease which is very close to the boundary of two RMs, that we do notify both of them so that they in some cases do share quarrying rights. And that would be a standard procedure of the department.

Mr. Anguish: — Mr. Minister, that may be the information your officials have, but that information is not accurate in terms of the series of events that you talked about.

Number one, I would point out to you that it is correct that the Beaver River is the dividing line, the boundary. But the gravel pit location is not in the Beaver River. The gravel pit of course is on one side of the river or the other side of the river. And the gravel pit happens to be within the boundaries of the Rural Municipality of Meadow Lake.

So I don't know why the original letter wouldn't have gone to them with a carbon copy to the RM of Beaver River because the gravel pit that's in question is not located in the RM of Beaver River. So I would think that if an objection was to be filed, that objection would be filed by the Rural Municipality of Meadow Lake.

Additionally I would point out to you that I do not believe, to the best of my knowledge, that any carbon copy was sent to the Rural Municipality of Meadow Lake, because I have here, Mr. Minister, the letter which was sent to the Rural Municipality of Beaver River No. 622. And there is absolutely no indication that there was a carbon copy sent to Rural Municipality of Meadow Lake.

Upon consultation, Mr. Minister, with the RM of Meadow Lake, and my own personal conversation, I further do not believe that a carbon copy of such a letter was sent to the Rural Municipality of Meadow Lake. In fact the Rural Municipality of Meadow Lake, when they found out unofficially that the gravel pit was being given to a private individual, they objected strenuously, Mr. Minister. I want to know why your department did not send the letter of notification to the Rural Municipality of Meadow Lake.

Hon. Mr. Swenson: — Once again, Mr. Chairman, my information, and I do believe it's correct, is that the RM of Beaver River received the top copy, the RM of Meadow Lake received the carbon. This particular lease is very close to the boundary of the two of them and it has been the policy of the department for a long time in those situations to notify both of them. And if the member says the carbon went to the wrong RM, well so be it. But we received written confirmations from both RMs within a week. So obviously somebody got the carbon and somebody got the top. Now it was those two RMs that it was sent to because the pit is close to the boundary of the two of them.

Mr. Anguish: — Did you say you received a response from the RM of Meadow Lake, Mr. Minister? Am I accurate to understand that? And if you received a response from the RM of Meadow Lake, I'd like you to give me a copy of that now, today, in this legislature, because the RM of Meadow Lake did not want that pit to be released to a private individual. The RM of Meadow Lake is running out of gravel, Mr. Minister, and your department saw fit to give this gravel pit to a private individual who in turn could turn a healthy profit by selling the gravel off to the Millar Western pulp mill at Meadow Lake.

So, Mr. Minister, if there was a copy of the letter to the RM of Meadow Lake, show me a copy that shows a carbon went to the RM of Meadow Lake. And if there's a response, Mr. Minister, show me a copy of the response from the RM of Meadow Lake.

Hon. Mr. Swenson: — My information, Mr. Chairman, is that on February 16, 1990, lands branch received a letter from the RM of Meadow Lake indicating they wished to make application for a quarry lease for the east half of LSD 614-61-21-W3, and I'd be happy to provide a copy of that to the member.

Mr. Anguish: — Well the east half is not available, Mr. Minister. In examination of this topic by the Department of Highways in estimates, they still retain the east half. I'm talking about the west half of LSD 6, that you did not send the notice, give the proper notice to the town of Meadow Lake . . . or to the RM of Meadow Lake, pardon me.

So if you have a copy of that letter, please send the copy of that letter across, because this is getting to be a very confused state of affairs and someone is not playing fair with the rural municipalities in this province. Someone is not playing fair because Highways releases gravel very rarely, very rarely, Mr. Minister. And it ends up in the hands of the private individual to sell at a healthy profit to the Millar Western pulp mill when the RM wanted the gravel. And you saw fit for some reason not to let the Rural Municipality of Meadow Lake have the gravel. You issued the quarry lease to the private individual.

Now, Mr. Minister, we're talking about different pieces of property. It took about two hours to get to the bottom of this in Highways, so I know that we're talking about the west half of LSD 6 is the item in question. When you talk about the east half of LSD 6, that quarry lease is still held by the Department of Highways.

So if you can provide me with that document, the letter from the RM of Meadow Lake, I'd like to see that. I would like to see the letter that you wrote to the RM of Meadow Lake saying that someone had made application and whether or not they would object. I'd like to see their response in objection to that, if they did respond, Mr. Minister.

And thirdly, I'd like to see the letter that you refer to where the RM of Meadow Lake, which is new to my knowledge, where the RM of Meadow Lake has applied for the east half of LSD 6, because I don't believe that's possible. It's not available because Highways still hold it.

Hon. Mr. Swenson: — Well, Mr. Chairman, on February 20, 1990 mines branch received a letter, a further letter indicating the land description in the February 16, 1990 letter should have read west half of LSD 6-14-61-21-W3. And on February 21, 1990, mines branch received a letter from the RM of Beaver River No. 622 indicating that they had no objections to the issuance of the quarry lease as the land was not within the boundaries of RM 622.

Mr. Anguish: — Exactly. Will you table those letters here today? The letters that I asked you for, I want you to table those letters because there is a cloud of suspicion for people that live within the area of that gravel pit as to how this whole transaction took place. So I'm asking you, Mr. Minister, to send across to me copies of the correspondence which we've referred to here today.

Hon. Mr. Swenson: — As I said, Mr. Chairman, I'd be happy to provide both the letters of February 16 and February 20 to the member. I can't provide them right now but I'd be happy to send them to him.

Mr. Anguish: — And the letter of February 23 that you referred to? And if you can't send them right now, they have fax machines; we've got 20 minutes left here today. I ask you to ask one of your officials to get on the phone and ask for those letters to be faxed over here from the department. There's no reason why that can't be done. Fax machines are very interesting technology, Mr. Minister, and I ask you to get those letters over here today. And would you give me your undertaking to see that that happens?

Hon. Mr. Swenson: — Mr. Chairman, I don't know what letter of February 23 the member refers to. I said February 16 which was from the RM of Meadow Lake, February 20 which was from RM of Meadow Lake, and I said we would provide both of them. I cannot get them here today at 20 minutes to 5, but I will have them here for him tomorrow.

And the other letter I referred to was February 21, and that was from the RM of Beaver River.

Mr. Anguish: — I'm sorry; I understood you to say the 23rd. I want a copy of the letter of the 21st letter as well. And you give me your undertaking that you'll have them here tomorrow for estimates, Mr. Minister, and I see you shaking your head in the affirmative.

I want to go on and ask you some other questions

concerning quarry leases, Mr. Minister. And I maintain to you again, this transaction was not on the up and up. Mr. Minister, I'd also like for you to show me the letter that went to the Rural Municipality of Meadow Lake. I want a copy so that you can show me that a carbon copy went to the Rural Municipality of Meadow Lake, Mr. Minister, because I'm just not quite sure that actually happened.

Mr. Minister, I'd like to ask you that over the period of the past year — say, December 1, 1989 to December 31, 1989 — how many amendments to quarry leases were done during that period of time?

Hon. Mr. Swenson: — Mr. Chairman, I can give the member some numbers here. These would be for instance, 1988 and 1989. There'd be in 1988, five permits which entailed 65 leases for a total of 23,000 acres. In 1989, there'd be 24 permits which included 89 leases for a total of 113,268 acres. Now these primarily are quarrying sand and gravel, but they could also include bentonite and some similar type of things.

Every time, as I understand it, a lease is dropped, it is then reapplied for and would show up in those numbers.

Mr. Anguish: — How many of those leases and/or permits went to private individuals, Mr. Minister?

(1645)

Hon. Mr. Swenson: — Mr. Chairman, this would be for the current year. And this would be a number of leases and a percentage of the total and the number of acres associated with those leases.

Department of Highways and Transportation have 540 leases for 56.1 per cent of the total, and that amounts to 21,178 acres which is 52.2 per cent of the total acres. Rural municipalities and towns and villages have a total of 216 leases, which is 22.5 per cent of the total leases, and they have about 55,350 acres, which is 13.2 per cent of the total acres; and individuals have 206 leases, which is 21.4 per cent of the leases; for a total of 14,052 acres, which is 34.6 per cent of the total acres.

Mr. Anguish: — Mr. Minister, I want to go back to the letter from the Rural Municipality of Meadow Lake. What was the content of the letter from the Rural Municipality of Meadow Lake, Mr. Minister? Did they object to you issuing this quarry lease to a private individual? Did they object to the application made by the private individual from the RM of Meadow Lake?

Hon. Mr. Swenson: — Yes, they indicated in both letters, even though they had the land location wrong in the 16th letter, but in the 20th letter, that they objected and would be making an application. They did it all in one.

Normally we give them 30 days. If they make an objection, they then have 30 days to make an application. In this case the RM of Meadow Lake objected and said they were making application all in the same letter.

Mr. Anguish: — Then why, Mr. Minister, what was the basis on which you did not allow the gravel pit, the quarrying lease to go to the RM of Meadow Lake? If they

objected, why in fact did you give the private individual the gravel?

Hon. Mr. Swenson: — Well first of all, Mr. Chairman, I'll give the member the policy application that would be here. Scarcity of supply of aggregate resources for municipal uses is the determining factor when a municipality requests denial of an application for a quarrying lease in their jurisdiction.

As pertains to this particular RM, on February 26, 1990, mines branch advised the RM of Meadow Lake that since they had five quarrying leases in the area, four of which were reporting no production, their objection of the issuance of the quarrying lease to Mr. Wagman was overruled, as they were deemed to have adequate sources of supply.

Mr. Anguish: — Mr. Minister, you just told me, if I understood you correctly, that the RM of Meadow Lake had five quarrying leases, and you said of which four were dry. That would . . . (inaudible interjection) . . . Well that's what I heard you say.

An Hon. Member: — Reporting no production.

Mr. Anguish: — Reporting no production? Mr. Minister, you say to me that four reported no production. I suggest to you that the response from Meadow Lake, the RM of Meadow Lake, to that very thing is that there is no gravel left in three of the pits and one is almost out of gravel. So they only use one pit because they only have one good pit.

And I submit to you, Mr. Minister, that the RM of Meadow Lake told that to your department, and in spite of you having that information you still gave that gravel pit to a private individual, Mr. Minister. Is that not in fact the case, that the RM informed you of this?

Hon. Mr. Swenson: — Mr. Chairman, for the information of the member, first of all, the Department of Energy and Mines never has had a team of inspectors that goes around to these things. In the case of the RM of Meadow Lake, they were paying their lease fees; they were keeping these pits in shape. And the department assumes that when people are paying leases on gravel pits, that there is productive capability there.

And I can run through all of these particular leases if the member wishes, and the amount of cubic yards that were paid on and that type of thing, from each pit. They did apply after the fact, I believe March 7, which is well after the letters mentioned here to have some of their leases cancelled, but they certainly didn't request that of the department any time before March 7. And like I said, they were paying their leases and keeping everything in shape, so the department assumed that they had production there, otherwise why would you pay on a lease that you didn't have any production.

Mr. Anguish: — Mr. Minister, I asked you if you were not informed in your department by the RM of Meadow Lake that three of those pits were empty of gravel, one pit was nearly depleted, and one was a good, usable pit. And I defy you to say that you were not informed of that by the

Rural Municipality of Meadow Lake. The Rural Municipality of Meadow Lake telephoned your department and told you this information. That's the information I have from the Rural Municipality of Meadow Lake.

Now, Mr. Minister, your hurry-up mode here of getting this gravel into the hands of a private individual smells of interference in the system — smells of interference in the system, Mr. Minister.

Mr. Minister, I want to have you check that out, and if you have information on the other leases that the RM of Meadow Lake has, I'd appreciate that you'd send that over so I can have a look at that.

I have some other questions that I'd like to ask you, Mr. Minister. I'd like to ask you who the individual was that finally got the gravel pit that we're referring to and talking about here today. And I want to know, Mr. Minister, whether there were correspondence and/or telephone conversations from the individual who was awarded the quarrying lease on this particular location, whether there were letters from this individual or on his behalf to your department, and whether or not there were letters back from your department to the individual who obtained the quarrying lease, or back to his representative, Mr. Minister. Is there that kind of correspondence in existence? And if so, I would like to see copies of it, Mr. Minister.

Hon. Mr. Swenson: — I think first of all, Mr. Chairman, before I get into sequence of events, I would like to inform the member that — and these are the quarrying leases that were held by the RM of Meadow Lake — there was Y6168R, request for cancel . . .

An Hon. Member: — I just ask you to send it over; you don't have to read it out. Just send it across.

Hon. Mr. Swenson: — I think the member has made allegations in here as to certain procedural wrongdoings by my department and I just would like to get it on the record that these particular situations were adhered to on a policy decision. There was Y6646R, request for cancellation of lease on March 7, 1990; Y6865R, request for cancellation on March 7, 1990. All of those were done after the aforementioned letter.

As far as any correspondence that is carried on between the lawyer for the gentleman in question here, Mr. Wagman, that is confidential information and will not be released by my department to anyone.

January 4 we had correspondence from a Mr. Cariou, Q.C., law firm of Cariou, Partyka and Francis apply for a quarrying lease on the north-west quarter of LSD 5 and the west half of LSD 6, of south-west 14-61-21-W3. January 10 a revised application was submitted correcting land description to read north-east rather than north-west quarter of LSD 5. January 12 received a memo from Highways requesting that west half of LSD 6 and north-west quarter of LSD 3 and south-west 14-61-21-W3 be dropped from quarrying lease Y6829. And of course there was the aforementioned letter on February 26 from mines branch of the RM of Meadow

Lake denying their objection.

Because there was a lot that the member asked, Mr. Chairman, I'll take my seat and let the member carry on.

Mr. Anguish: — Well the first thing I'd ask, Mr. Minister, you're quoting from that document and using the document, and I ask that you table the document now, Mr. Minister. That's standard. If the minister refers and quotes from a document, that document is to be tabled, and I'd ask the minister to table that document now, if you would, please.

Hon. Mr. Swenson: — Mr. Chairman, this isn't a document; it's simply some briefing notes that I have, and very scratchy details that . . . dates and that type of thing.

Mr. Anguish: — I don't mind the scratchy detail; I asked you to table the document.

Hon. Mr. Swenson: — Mr. Chairman, I wasn't reading from it; I was summarizing information from it.

Mr. Anguish: — Well we'll get onto that another day.

I can see, Mr. Minister, you're going to be in estimates for a long time. You're going to be in estimates for a long time, until we get to the bottom of this gravel pit issue.

You say that you can't give out the letters because they're confidential. You can in fact, Mr. Minister, table in this House the documents and the letters that you wrote back to the individual who got the gravel pit, Mr. Minister.

Mr. Minister, I ask you two things now. I ask you, Mr. Minister, is there an actual application form that was filed by the individual who finally got this gravel pit? If so, I'd like to see a copy of the application.

And secondly, what reason did this individual give to you that they needed the gravel? Surely to goodness you must have asked this individual, who has never been in the gravel business as far as I know, what possible use he could have for what Highways describes as 240,000 cubic metres of gravel.

Mr. Minister, can we have a copy of the application form? Secondly, can you tell us what the reason was that the individual gave you that he needed 240,000 cubic yards of gravel out of one particular pit?

(1700)

Hon. Mr. Swenson: — Well, Mr. Chairman, there's a fairly standard procedure here. When someone applies for a quarrying lease — and this is vis-a-vis the regulations of 1957 — the application fee is paid, first year rental submitted, land location applied for, is not otherwise disposed of under regulations.

There's no standard application form. In this case it was done through legal counsel, and I understand that is not an unusual circumstance at all; that many of the local levels of government use their legal counsel to make application for these types of leases. In this case, because the application was made through legal counsel, we

could not release that. I suppose if the member thinks it's that important, we could write a letter to the legal counsel asking if his client wished to release the letter in which he applied for the thing.

And the other thing is that we don't ask people what they're going to do with sand and gravel in a lease. We don't ask them what they're going to do when they drill an oil well or when they dig a gold mine. After they produce . . . Mr. Chairman, if the member might . . . after any of those things come into production, we then charge royalties and taxes on the production that derives from those particular operations. And in this case, the production of gravel is subject to a royalty payment to the province of Saskatchewan.

Mr. Chairman: — Being near five o'clock, committee will rise and report progress and ask for leave to sit again.

The committee reported progress.

The Assembly adjourned at 5:03 p.m.