

The Assembly met at 2 p.m.

Prayers

ROUTINE PROCEEDINGS

INTRODUCTION OF GUESTS

Mr. Hagel: — Thank you very much, Mr. Speaker. It's my pleasure, Mr. Speaker, to introduce to you, and through you to all members of the Assembly, 42 grade 4 and 5 students from William Grayson School in Moose Jaw who are seated in the east gallery today, Mr. Speaker.

These students are accompanied by their teachers, Diane Hicks, Pat Barbier, and Pat Gilhes. We met earlier this day, Mr. Speaker. These students have been to the science centre here in Regina. They've been on tour of the Legislative Assembly and we've had a chance to have pictures and refreshments and a bit of a visit before they're coming to take their seats in the east gallery today.

Mr. Speaker, I would ask all members of the Assembly to show welcome to the students from William Grayson to this, their Legislative Assembly, and to as well wish them a very pleasant summer holiday this summer.

Hon. Members: Hear, hear!

Hon. Mr. Hodgins: — Thank you, Mr. Speaker. Mr. Speaker, today I would like to introduce to you, and through you to all members of the legislature, a couple of people who are located in the west gallery, Mr. Speaker. These are two Progressive Conservative candidates freshly and newly nominated, and I'd like to firstly introduce the candidate for Regina Rosemont, Myrna Petersen. Myrna is a health worker at the . . .

Hon. Members: Hear, hear!

Hon. Mr. Hodgins: — Myrna is a health worker at the Pasqua Hospital. The other new candidate for the Progressive Conservative Party for the constituency of Bengough-Milestone is Derrell Rodine, a farmer from the Goodwater area, a gentleman who has had extensive experience in the area of counselling for farm stress.

And, Mr. Speaker, I think you would probably agree with me that these two individuals represent two very important constituencies. And, Mr. Speaker, I submit to you they are a winning combination of a popping good health worker and a good farmer from two very important areas of Saskatchewan.

Hon. Members: Hear, hear!

Mr. Gardner: — Mr. Speaker, I'd like to introduce to you and to all members of the Assembly this afternoon some 35 grade 5 students that are here from Victoria School in Kamsack. They're seated in the east gallery behind me, and they've had a tour of the Assembly — or of the building this afternoon and they're now here in the Assembly with us. I'll meet them later after question period to answer any questions they might have.

And Victoria School, Mr. Speaker, is kind of special to me

because — I don't want to date one of their teachers, Mrs. Reilkoff, that's with them, but her and I were students in that school, I'll say just a few years back, together. I know this is an annual event for the Victoria School in Kamsack. And I would wish all members to welcome them here in the usual manner. And I'll meet with them shortly after question period.

Hon. Members: Hear, hear!

Mr. Lyons: — Thank you very much, Mr. Speaker. Mr. Speaker, first let me add my welcome to Ms. Petersen here in the Assembly today. I'm sure Ms. Petersen will prove to be a fine candidate for the Conservative Party, given the experience that she has had running for them. And I know that she will acquaint . . . and put forward the record of this government well.

And I might say, Mr. Speaker, I may say, Mr. Speaker, that like other members of the Assembly who sit here, we hope that our opponents enjoy the proceedings from the gallery for a long time.

However, Mr. Speaker, I've risen to welcome to the Assembly and to all members of the Assembly through you, sir, 18 students who are here on behalf of Luther College. Now these students aren't regular students at Luther College in my constituency of Regina Rosemont, they are from Bonn in the Federal Republic of Germany. They are accompanied by Herr Behrla who is here from Bonn as well, who I've had the opportunity to meet once before I believe, in their previous visit to this Assembly.

And as well, Mr. Speaker, we'll be meeting with the students following today's question period, in room 255, as well as for pictures and refreshments. So I'd ask all members to welcome these fine students from the Federal Republic of Germany here today to the Assembly.

Hon. Members: Hear, hear!

Hon. Mr. Kopelchuk: — Thank you very much, Mr. Speaker. I would like to as well on behalf of my colleague and neighbour, the hon. member from Kelsey-Tisdale, introduce to you and to the members of the legislature 53 students from the grade 7 class of Stewart Hawke School in Hudson Bay, Saskatchewan, and they are located in the west gallery, Mr. Speaker.

It is my pleasure to welcome you to Regina. I hope you have a great day in Regina and I look forward to meeting you later for refreshments and pictures and possibly answer a few questions for you on behalf of your MLA. Let's all give them a real warm welcome to the legislature.

Hon. Members: Hear, hear!

Hon. Mr. Gerich: — Thank you, Mr. Speaker. On behalf of the Minister of Social Services, the member for Rosthern, my seat mate, I'd like to introduce from South Corman Park School, in the Speaker's gallery, 24 students, grades 5 and 6. They're accompanied by their teacher, Harold Kroeger, Holly Stasiuk, Carol Buckwold, Liz Carpenter, and Shelly Loewer. I hope that they find the proceedings entertaining and educational this afternoon.

Please welcome our guests.

Hon. Members: Hear, hear!

Mr. Romanow: — Thank you very much, Mr. Speaker. While we're in the business of introducing candidates for the next provincial election campaign, I thought I would leave the very best to the last.

And I have therefore to introduce to you, sir, and to the members of the Legislative Assembly — especially to the Minister of Justice, who if he was with us after the next election would know exactly how good this candidate's going to be, but unfortunately I don't suspect he'll be here — to introduce to you, sir, the candidate for Saskatoon Westmount.

Our candidate has very big shoes to fill, that is the role fulfilled by our long-standing MLA, a former Speaker. The member from Westmount currently comes from the distinguished Brockelbank family. This candidate is the past president of the Saskatoon Co-op. She teaches at the University of Saskatchewan, and I'd ask her to rise so she can be recognized, Dr. Janice MacKinnon.

Hon. Members: Hear, hear!

Mr. Brockelbank: — Mr. Speaker, I'd like to join with my leader in welcoming my constituent, Ms. MacKinnon from Saskatoon Westmount. I know she'll be a worthy successor of me in this legislature.

Hon. Members: Hear, hear!

Hon. Mr. Hodgins: — Mr. Speaker, I don't mean to drag out introductions but I too would like to acknowledge the presence of and welcome to our legislature Janice MacKinnon.

Janice was a professor at the university when I attended there and I would submit to this Assembly, Mr. Speaker, that she did an excellent job of teaching me history and a little bit about political science. And I can say, Mr. Speaker, that I learned an awful lot from her.

Hon. Members: Hear, hear!

ORAL QUESTIONS

Federal-Provincial Farm Aid

Mr. Romanow: — Thank you very much, Mr. Speaker. Mr. Speaker, my question today, in the absence of the Minister of Agriculture and I believe the Associate Minister of Agriculture, probably should be to the Minister of Finance. And it pertains to the farm aid package.

Mr. Speaker, as you will know, members know, about two weeks ago now or perhaps more, Regina and Ottawa announced a farm aid package — promised quite some months ago, mind you, by the governments both here and in Ottawa. In the two weeks since that time we've had absolutely no concrete information with respect to the details of how this farm aid package is going to get paid to the farmers who are so desperately in need of cash.

My question therefore, Mr. Speaker, is to the front bench, presumably the Minister of Finance. Will he be able to tell us today a specific date as to when farmers can expect to have their money in hand? And while he's on his feet, in addition to telling us the date, will he tell the House and the farmers of this province exactly how this money is to be paid out? Because as we all know, they desperately need it, and it's long, long overdue.

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Mr. Speaker, in so far as when the farmers will receive the payments, as I think I've said in this legislature before and I think the minister and the Premier would back up, everyone recognizes the urgency in getting the cash into farmers' hands. That was the underlying objective when the Premier started out on this some several weeks ago and what turned out to be a very successful mission.

At this time I can't say precisely what date those cheques will be in farmers' hands, but I know everyone is working towards it being sooner rather than later. As it relates to how it will be paid out, cultivated acres, seeded acres, those kinds of things, the Premier, the Minister of Agriculture, and the Associate Minister of Agriculture and other members of the agriculture caucus have been meeting with and consulting with the various farm organizations to make sure that the payment is in accordance with, and taking the good advice and counsel that these farm groups and farm leaders have willingly given all through this process. And indeed I think there's a meeting yet scheduled with these farm leaders again today to work out final details, Mr. Speaker. Because of that I think we can expect a further and more detailed announcement very shortly, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Speaker, I have a new question to the Minister of Finance. And I might say, Mr. Speaker, that listening to the Minister of Finance's answer, I think it can be safely said that he has redefined the meaning of the word urgent. Because this answer has been the answer in variation that we've been getting now for the last, I would say several months.

Mr. Speaker, as you know, the House passed a motion, I believe unanimously, calling for a pay-out this spring. It was committed in the Speech from the Throne on March 19, 1990, this spring. Consultations have endlessly been undertaken. Seeding is now virtually complete, and still no money and still no details.

Mr. Minister, why isn't the program finalized by now? For goodness sakes, given all of the staff that you have, all of the consultations that you've undertaken, why hasn't the program been finalized and the payments made before now, as has been promised to the farmers. Why are you not getting on with the job?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Mr. Speaker, the payments, as I've said, will be going out as soon as possible. Everyone

is working towards that goal. And additionally, this Premier and this government and this agriculture caucus and this caucus believes in working with and taking the advice of farmers, farm groups, and their leadership. That's been a very successful recipe in the past and we're sticking to it this time, Mr. Speaker. An additional meeting, I believe, is scheduled yet this afternoon and hopefully further details — maybe the complete details — can be announced in very short order, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Speaker, I have a new question to the minister. It's somewhat encouraging to hear him say that the details will be announced in short order. I can only say, it's about time — it's about six months time. But none the less, I guess we have to be thankful for small mercies.

My question to the minister is this: Mr. Minister, are you able to tell this House where the administrative costs and the costs for administration of this plan are going to come from? Are they going to come from your budget, our budget here in the province of Saskatchewan, or are they going to come from the \$277 million-approximately grant money from Ottawa, or some other source?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — I can't answer that question precisely, Mr. Speaker. I know there's been discussion relative to that. I suspect the costs will be in the order of a million dollars. Albeit that's a substantial enough number, Mr. Speaker, but when you put it up against the \$277 million that farmers will receive under this payment, I think that's not an unreasonable sum, Mr. Speaker.

Some Hon. Members: Hear, hear!

Saskatchewan Population Loss

Mr. Hagel: — Mr. Speaker, I address my question to the minister responsible for Human Resources, Labour and Employment. Mr. Minister, the May figures are out today. In the month of May, according to your government statistics, Mr. Minister, 980 people moved into Saskatchewan while 2,755 left the province, for a net loss in Saskatchewan for the month of May again of 1,775 people.

In the first five months of this year, Mr. Minister, that brings our net loss of people in our province to 9,429, on par, Mr. Minister, with the direction that will take us to a net loss by the end of the year of 23,000 for the second year in a row. And that would be a first in Saskatchewan history.

And so I ask you, Mr. Minister: when is your government going to stop blaming the weather and other governments and, as of last night, high school graduates? I ask you, Mr. Minister, when are you going to start taking responsibility yourself for addressing this human crisis — the loss of our people from the province of Saskatchewan?

Some Hon. Members: Hear, hear!

Hon. Mr. Schmidt: — Mr. Speaker, I'm pleased that the members opposite took to heart my advice last night that we stop repeating what the problems are and look for solutions. This government is proposing solutions. We are proposing an economic policy which includes community bonds for local economic development, which includes government joint ventures in fertilizer plants and government joint ventures in upgraders, which includes the expansion of former Crown corporations by putting these corporations into the free market and letting them compete across Canada and across the world.

The examples of course are there of WESTBRIDGE and Weyerhaeuser and the Biggar malt company, many many examples where there are expansions. We are doing things, Mr. Speaker. We are doing things as fast as possible, and we promise to redouble and triple the effort.

Some Hon. Members: Hear, hear!

Mr. Hagel: — New question, same minister, Mr. Speaker. Mr. Minister, you know that you and the Premier in particular and your government in general are responsible for formulating an economic development plan for the province of Saskatchewan. In the last five years it hasn't borne a great deal of results, Mr. Minister. In the last five years, Saskatchewan has now lost over 70,000, a net loss of over 70,000 people — more than the combined populations of the cities of Moose Jaw and Prince Albert. Mr. Minister, more than half of those people, as you and I both know, are young people between the ages of 15 and 34.

And I ask you, sir, I ask you, in the face of opposition from the people of this province, overwhelming opposition from working people in Saskatchewan, and opposition even from within your own cabinet colleagues, Mr. Minister, you continue to put forth the solution as your brainwave of privatization, Mr. Minister, and I ask you, when are you going to get a new plan? When are you going start a new direction, a new workable, economic direction for the province of Saskatchewan?

Some Hon. Members: Hear, hear!

Hon. Mr. Schmidt: — Mr. Speaker, certainly a negative attitude is not going to get us anywhere. It hasn't over the last 60 years, and it's not going to get us anywhere.

We have to have a positive look at what can be done in this province. We have to combine education, where we have a new College of Agriculture, a world centre for agriculture being built in Saskatoon. We have to process our agricultural product.

The members of the NDP do not acknowledge the value of agriculture and the value added that can be done. They don't acknowledge that Pound-Maker and the wheat pool are going to build an ethanol plant at Lanigan. They don't acknowledge that we have to do more and more processing of our agricultural products. They don't acknowledge that we are working on alfalfa dehy plants. They don't acknowledge that we are working on irrigation. All of these matters are for export and value added. There are so many things that the members of the

opposition don't acknowledge because they only think negative.

We have to have a positive outlook in this province. We have to look at positive cash flow projects. We have to look at the future; the future is particularly bright. Yesterday there was an announcement of a major oil discovery; natural gas well-drilling is up. Natural gas is being used in this province. We now have more natural gas than we need.

And so if the members opposite would come up with a policy that's positive, this province could get on.

Some Hon. Members: Hear, hear!

Mr. Hagel: — Mr. Minister, you said to me last night and you say in this Assembly again that there needs to be an attitude adjustment. Well I agree, but it's not for the people of Saskatchewan. It's you and the Premier and your cabinet colleagues — that's where the attitude adjustment has got to start.

Some Hon. Members: Hear, hear!

Mr. Hagel: — Then you go on to whine and complain, Mr. Minister. Well the people of Saskatchewan are tired of your excuses. They want a government that's got more than just excuses. They want a solid economic plan for the '90s that's not the economic approach of the '30s. That's what they want, Mr. Minister.

And so I ask you, I ask you if you're going to change your ways. Have you got a new plan? Are you going to change your ways or are you locked in to the one you're in right now, Mr. Minister? If you won't change your ways, then will you and your colleagues step aside and allow the people of Saskatchewan a government that will get Saskatchewan working again?

Some Hon. Members: Hear, hear!

Hon. Mr. Schmidt: — How are they going to get Saskatchewan working? We have, Mr. Speaker, a positive plan; rhetoric will not get this province working again. What we need is the government as a catalyst to help get joint ventures going such as fertilizer plants, such as upgraders. What we need is the government as a facilitator to assist communities and community bonds to build their own industries, to build their own projects. What we need is a positive attitude towards business, so that companies like Weyerhaeuser will build a second pulp mill rather than be denounced by a negative opposition. We do not need an opposition that will scare the world's business away from this province. What we need is a clear statement.

Some Hon. Members: Hear, hear!

Hon. Mr. Schmidt: — We need a clear statement, Mr. Speaker, that Saskatchewan will participate in the world by the world's rules and that we will be prosperous with the balance of the world.

Some Hon. Members: Hear, hear!

Mr. Hagel: — Supplementary, Mr. Speaker. Mr. Minister, you say that we need a catalyst, I say we need a catalyst. Will you do the ultimate catalyst and call an election to get Saskatchewan moving again?

Some Hon. Members: Hear, hear!

Hon. Mr. Schmidt: — Mr. Speaker, it's all the opposition wants is power, and you cannot give power to people who don't know what they will do with it, to people who do not tell you what they would do with it, to people who want raw power for the sake of power alone so that they can have control of the province and the people of Saskatchewan. That's why they want power.

But power has to be granted to people who tell you what they're going to do with it, use it wisely and use it respectfully. This government has power and this government is using that power to give the people an opportunity for their own future.

Some Hon. Members: Hear, hear!

Decline in Housing Starts

Ms. Smart: — Mr. Speaker, in the absence of the Premier, my question is to the Minister for Economic Diversification and Trade. Mr. Minister, it's time to stop the rhetoric and look at the facts. For the first five months of 1990 housing starts are down 21 per cent from last year which was a terrible year. There's been a similar slow-down in multiple-unit construction which has meant a 62 per cent drop in activity for the building trades, and CMHC (Canada Mortgage and Housing Corporation) has stated that Saskatchewan housing starts are at record low levels due to stagnant economic conditions and continuing net out-migration.

Mr. Minister, where have you been for the last eight years, and when are you going to develop an economic plan that works?

Some Hon. Members: Hear, hear!

Hon. Mr. Schmidt: — Well, Mr. Speaker, we should do in Saskatchewan what is working in other parts of the world. We should do in Saskatchewan what Ontario does, put value added on their natural products. We should do in Saskatchewan what Alberta does, diversify to put value added on their natural products. We should do in Saskatchewan, I say for the member, what western Europe is doing. We should do what Japan is doing. We should do what the United States is doing. And we should do more of that.

And none of those countries and none of those provinces are doing that with the government telling the people what to do and the government owning the resources. People have to have faith in their economy and invest in it. If the people are not allowed to own anything, they can't invest. In this province the people own savings, and we are encouraging the people to use those savings to invest in their own future. What we have to do is copy Ontario, copy Alberta, copy the prosperous parts of Canada and do the same thing.

Some Hon. Members: Hear, hear!

Ms. Smart: — New question, Mr. Speaker. Mr. Minister, what we have to do is what's best for Saskatchewan. You call an election and let us do that on this side of the House.

Some Hon. Members: Hear, hear!

Ms. Smart: — Mr. Minister, under your government we have record high out-migration, record low housing starts, and a record number of Saskatchewan people are deciding that under your government this province is not the place to establish a career, start a family, and build a future. And any government which has that legacy should be ashamed.

I would like the minister to explain what precisely your government is planning to do to effect a turnaround in the housing industry and give people back some confidence in this province.

Some Hon. Members: Hear, hear!

Hon. Mr. Schmidt: — Well in housing there will . . . housing will be built where it's needed. Mr. Speaker, there is a housing shortage in Dysart, Saskatchewan because . . .

The Speaker: — Order, order. It seems that the hon. member has been asked to answer the question, and let us allow him to do it.

Hon. Mr. Schmidt: — Mr. Speaker, housing will be built where there is a need for housing. There is a need for housing in Dysart, Saskatchewan because there's a new furniture plant there. There's a need for housing in Prince Albert because there's new paper mill and a new pulp mill being planned there. And when those things are built, there'll be more houses built. There will be need for housing in Moose Jaw and Belle Plaine area, Regina, because there's a large fertilizer plant being built in the area.

You simply do not build houses to stand empty, as the NDP did, in communities around Saskatchewan, and not have any industry so that people have jobs to move into those houses.

Some Hon. Members: Hear, hear!

Ms. Smart: — Supplementary, Mr. Speaker. Mr. Minister, you've had eight years. Why hasn't your approach worked and why are we in such a mess?

Some Hon. Members: Hear, hear!

Hon. Mr. Schmidt: — I will . . .

The Speaker: — Order, order. It seems that the hon. members want to ask questions and answer them. The member from Saskatoon Centre and the hon. member from Melville have the floor.

Hon. Mr. Schmidt: — Mr. Speaker, the member that asks that question doesn't have the confidence of her own

political party and is giving the government advice on how we should govern. What has to be done here is — and I will say to that member clearly — is that she has to spend more time reading about what is going on in the world and what the world-wide solutions are. And I know she's a very literate person and she should be able to set out some sort of a plan or policy. Instead, she has negative, rhetorical, political criticism and not one suggestion.

I have given a list today of things that can be done to make Saskatchewan prosperous. Those things are being done. Every time we try to do them, one of them stands up and tries to stop the project, whether it's a fertilizer plant or a dam or a hydro plant or a thermal plant. Whatever it is, they want to stop it and stop it all the way to prosperity. That will not work.

Some Hon. Members: Hear, hear!

Free Trade Agreement

Mr. Mitchell: — Mr. Speaker, my question is to the Minister of Economic Diversification and Trade. The *Toronto Globe and Mail* is reporting that Canada has lost 165,000 manufacturing jobs in the past year, and many people blame that on the free trade agreement with the United States. These are exactly the kind of economic consequences that we and other free trade opponents tried to warn your government of, but you plunged headlong in your support of the deal without listening to any arguments and without listening to reason.

Mr. Minister, how do you square these massive job loss figures all across Canada with your assertion that free trade would be good for Canada.

Some Hon. Members: Hear, hear!

Hon. Mr. Schmidt: — Mr. Speaker, freer trade is good for western Canada. I'm not an expert on eastern Canada, but when I go to eastern Canada they don't seem to be suffering any. I wish we could suffer like Ontario; that's what I wish upon us.

But what we are looking at, Mr. Speaker, is the situation where manufacturing in Saskatchewan is up very close to 600 per cent — 585 per cent I think is the exact figure. We are not suffering from free trade. We are suffering from lack of free trade. We need more of it.

As the Minister responsible for Economic Diversification and Trade in this province, I can tell you that at least twice a week I have potential manufacturers coming to my office, looking at Saskatchewan for number one reason — that we have access to the United States market. And I can tell the member that last week in Melville, Saskatchewan, Babcock & Wilcox Canada was certified by the American engineering association to do business in the United States. Now we have free trade and American qualifications; now we can do business in there. They are putting on three shifts.

We need more free trade. We need more of it in Melville; we need more of it in Regina; we need more of it everywhere in Saskatchewan. Will you stop being

negative? Will you get on with business? Why do you not want to take American money when they want to pay us for something?

Some Hon. Members: Hear, hear!

Mr. Mitchell: — Mr. Speaker, the fact of the matter is that something like 165,000 manufacturing jobs in this country have simply disappeared during the first year of the free trade agreement. And how does the minister explain that?

Some Hon. Members: Hear, hear!

Mr. Mitchell: — Saskatchewan people have seen the damage done to our hog industry because the trade deal did not guarantee adequate access to American markets. Now in the past year, Canada's gross domestic product grew by only half of the previous year's rate and for the first time in 13 years, we had a national merchandise trade deficit, and our merchandise trade balance with the United States dropped by 23.5 per cent. Now don't those figures speak against your government's continued support for this deal? What can you possibly offer as a success story to counterbalance these horror stories that we're hearing?

Some Hon. Members: Hear, hear!

Hon. Mr. Schmidt: — Mr. Speaker, let me answer both of those . . . allegations is too kind a term for what that member has said in those questions. First of all, he says free trade is bad. Yes, it's bad to this extent, that the Ontario economy is overheated as a result of free trade causing inflation, causing high interest rates for western Canada. Ontario is prospering from free trade. We are prospering from free trade, except the interest rates are up because of the inflationary factors of that kind of growth. Canada has led the western world in economic growth in the last two years.

And in addition, we get into this hog-wash about hog-trade problems. The member should know. He graduated from the same law school as I did. He should've learned as much as I did. And he should know, the member should know that our trade problems in hogs are not related to the free trade agreement. They are connected to countervail. He should know the difference between countervail and the free trade agreement. The member opposite should but he doesn't. That's what the NDP know about trade.

Some Hon. Members: Hear, hear!

The Speaker: — Order, order. Would the hon. members come to order.

INTRODUCTION OF BILLS

Bill No. 45 — An Act to amend The Land Titles Act

Hon. Mr. Lane: — Mr. Speaker, I move first reading of a Bill to amend The Land Titles Act.

Motion agreed to and the Bill ordered to be read a second time at the next sitting.

ORDERS OF THE DAY

GOVERNMENT ORDERS

SECOND READINGS

Bill No. 36 — An Act respecting a Report on the State of the Environment

Hon. Mr. Hodgins: — Thank you, Mr. Speaker. Mr. Speaker, today I have the pleasure of moving second reading of an Act that I feel is an important Act for the people of Saskatchewan. I believe it's an important Act when it comes to the major issue confronting the province of Saskatchewan and the people of Canada — being the environment. And this is An Act respecting a Report on the State of the Environment in the province of Saskatchewan.

Mr. Speaker, this Act and the annual report on the state of the environment, which this Act will create, I believe reflect what the mandate of the Department of the Environment is, and I believe it also reflects an environmental commitment on behalf of this government.

Mr. Speaker, I'd like to go into just a little bit of the history of the subject of environmental reports such as this. Our legislation today has its roots in the first federal *State of the Environment Report* that took place in 1986, and as well the Canadian Environmental Protection Act in 1988 which gave the legislative mandate or muscle to that federal report.

I want you to know, Mr. Speaker, that the federal government has sought a similar commitment to environmental information from each of the provincial governments. And, Mr. Speaker, the legislation that I am proposing today, I believe, Mr. Speaker . . .

The Speaker: — Order, order. Now earlier on one of the members suggested that perhaps we should allow the noise to carry on for a while. Well certainly it has and we can't hear the Minister of the Environment. Perhaps we should stop the noise and allow the Minister of the Environment to speak.

Hon. Mr. Hodgins: — Thank you, Mr. Speaker. I appreciate your interjection in calling members to order.

Mr. Speaker, I am pleased to report that the Saskatchewan government fully agrees with the concept of state of the environment reports. And, Mr. Speaker, more importantly, we intend to put this belief into practice here today in our province.

By this Act, Mr. Speaker, we intend to move decisively and quickly to create an annual environmental report which provides the people of Saskatchewan with the information that they need to understand and act on environmental issues. Mr. Speaker, this Act . . .

The Speaker: — Order, order. It seems that the hon. members are full of enthusiasm today and enjoying themselves . . . the way it should be in the House.

However, the hon. member for Melfort, the Minister of Environment, does want to make some remarks, and let us allow him to do that.

Hon. Mr. Hodgins: — Mr. Speaker, because this Act grows out of our mandate, I first want to review with you the directions and some of the values that we have in the Department of Environment and Public Safety. I will then demonstrate how this Act before us today is very consistent with a forward-looking and a comprehensive view of environmental protection.

Mr. Speaker, my main task, my responsibility is protection of the environment. And that's where we begin, Mr. Speaker. That is the fundamental value that we hold in the Department of the Environment, and, Mr. Speaker, I believe that it's a value that I cling closely to.

In another time, Mr. Speaker, a government may have acted on that responsibility by having officials draw up a set of rules and regulations, some standards; may have incorporated them into some legislation; passed the legislation, and simply told the people, well, here's how we're going to protect the environment. Follow these rules, and everything will be okay.

Mr. Speaker, that may have been former approaches. Those former approaches may have worked in days gone by. But it's a different world out there today, Mr. Speaker. Today the world is changing, and it is changing rapidly.

I'd submit to you, Mr. Speaker, that right now, at present, we're probably in a period of history never before where change has been at such a rapid pace — an unprecedented pace of change in history, Mr. Speaker. And that old approach is just not good enough.

The agenda on environmental issues, Mr. Speaker, cannot be set by big brother government. It cannot be set solely by corporations or business or institutions. Mr. Speaker, in today's changing world, the agenda is being set by the people. And, Mr. Speaker, I intend to respond to the people of Saskatchewan who are demanding environmental action, and I believe that this report today will go a long way to taking some concrete actions when it comes to the issue of the environment.

Mr. Speaker, this agenda is being set by the people themselves, who have raised the whole area of environment from something that was almost non-existent to an issue today that is uppermost in the vast majority of people's minds.

I'd submit to you, Mr. Speaker, that just as the environment is everywhere, it also affects everything and everyone. The scale and the complexity of environmental issues today are enormous. That conclusion I think is fairly obvious. If my job is to protect this big thing we call the environment, then there is only one way that I can really do that, Mr. Speaker, and that's by the involvement of people through public participation in this province.

In the first place what we have to do is define just what this environment is, how do we want to protect it. We must make a decision which the people themselves are involved in. They must become involved in

policy-making process more closely than ever before.

In the second place, Mr. Speaker, protecting the environment isn't going to happen if we all wait for someone else to do it. The public has come to realize that every citizen in this province must make personal choices, must make personal changes to a large extent. We call that, I think a good term, Mr. Speaker, "responsible living": responsible living through becoming involved in the making of environmental policy, responsible living through taking personal action for a better environment at home and on the job.

This of course does not absolve government from total responsibility. Indeed the responsibility of government is greater than ever. But the duty of government in fact becomes putting in place the tools for the citizens themselves to take actions that are part of responsible living.

In fact what you could call it, Mr. Speaker, is empowering — empowering people to take those types of actions. That means consultation. It means education. It means addressing the larger questions of resource use before we address specific proposals for development. Empowering citizens also means providing them with the information they need for personal action, facts and figures in understandable terms.

(1445)

I believe that that's what the people of Saskatchewan are asking for, and I believe that that's what this State of the Environment Report is meant to do. Under this act, the State of the Environment Report will be annual. It will be a thorough and comprehensive statement of just where we stand in the province of Saskatchewan. It will reflect what the state of the province's resources are. It will reflect what the trends of resource use are. It will reflect the economic significance of our resources, as well as the current rates of resource use. They will consider them against the broader goal of what we call sustainable development.

These elements of annual reporting must not merely be covered. They must also be communicated in a form which is understandable to everyone in the province. To achieve that the report will develop indices, for example, indicators on water quality, air quality, rates of resource use, and so forth. These indices will be meant to do for environmental reporting what indices such as the gross national product or the consumer price index do for economic analysis.

I think on those two particular points, Mr. Speaker, the public at large is very familiar with the term, consumer price index; most people know in general terms what gross domestic product or gross national product means. And, Mr. Speaker, I submit to you, in a few short years the facts and figures and indices that are contained in this annual report will become as well known to the people of Saskatchewan.

We will be able to develop a clear picture of what the state of the environment is, how it relates to the economy, and where we are going or what the trends are. If such

reporting is done systematically, as economic reporting now is, we hope to achieve the following: open access to objective information on resources and the environment, measures of progress in dealing with environmental problems, early warning of emerging issues, and encouragement for all Saskatchewan people to strive for sustainable use of our resources.

I believe that knowledge is power, Mr. Speaker, the power to understand and the power to make wise choices. The State of the Environment Report will provide, I hope, that kind of knowledge. By doing so, the report will become an important tool with which the citizens of this province can be empowered for responsible living, empowered to take personal actions as individuals, as corporate leaders, and as representatives of institutions and governments at all different levels.

With this full participation in setting the public agenda, we will provide the basis for comprehensive protection of our treasured environment here in the province of Saskatchewan.

Mr. Speaker, I believe that this report will be well accepted by the public in Saskatchewan. Environmental groups from all across this great province have asked for more information on the state of our environment. They've asked for more information on where we are going, what the trends are, what we can look forward to, what are some of the key areas that we have to pay attention to.

Mr. Speaker, this will indeed be a thorough report on a very, very important issue in the province of Saskatchewan, and I would encourage all members of the legislature to pay close and serious attention to this piece of legislation. We are committed to doing this, Mr. Speaker, and I would ask for all members' full support of this particular Act.

Some Hon. Members: Hear, hear!

Mr. Tchorzewski: — Thank you. I want to thank the member from Shellbrook-Torch for that applause, Mr. Speaker.

Mr. Speaker, I do want to make some response to the comments that the Minister of the Environment has made with regard to this Bill. And I want to outline some of the concerns that I have and our caucus has with regard to this Bill; concerns which people who are concerned about the environment, we share with them.

Mr. Speaker, the minister said in his remarks that this is a very important Act. It is the subject of environmental reports.

Well without being disrespectful, I might just say, Mr. Speaker, that this government, if there was a report card that was to be prepared on its record on the environment, would score a very dismal F because of the kinds of things that this government has done and, more importantly, Mr. Speaker, because of the kinds of things that this government has not done which it should have done even in the face of legislation and guide-lines which the

government itself is supposed to administer but has chosen on many occasions not to bother to administer, in fact, to ignore.

I want to tell the minister — as soon as I can get his attention, Mr. Speaker — I want to tell the minister that if there is anything that environmental groups are asking for more than anything else, they are asking for this government to be responsible. Environmental groups are asking this government, don't make it necessary for people who are concerned to have to time after time after time take the government to court to make sure that the government adheres to its own laws.

That's the biggest question that environmentalists and environmental groups are asking, Mr. Speaker, because of the kind of attitude and approach that this government has displayed in the last eight years with regard to this very important issue.

Now, Mr. Speaker, no one will oppose the principle of this Bill. The principle that is addressed in this Bill is something that this caucus has proposed in the past and proposes today. The reason that New Democrats, Mr. Speaker, and the public at large is concerned about such matters is that our party and our caucus has supported sustainable development as a guiding principle to guarantee the environmental health and the future of Saskatchewan. That should be the guiding principle, Mr. Speaker.

And to implement that principle we propose a number of measures. And among those measures is included the establishment of an independent environmental protection commission. This commission would have a broad mandate to protect and enhance the environment. It would recommend standards of environmental quality and protection. It would supervise baseline studies to measure the present extent of environmental degradation. It would implement a system of effective environmental monitoring; identify areas where compensation or mitigation is required.

You may be wondering, Mr. Speaker, what I have just said has got to do with the Bill which proposes to establish an annual report on the state of the environment. I have a very specific purpose for outlining, in a very brief manner, this independent environmental protection commission. And the reason I do that, Mr. Speaker, is because the Bill which the minister brings forward today has two very important shortcomings.

The first one is that it proposes that the minister shall annually prepare a report to be presented. That's what it says in clause 3(1) of the Bill. Well, Mr. Speaker, ministers of the Environment have been preparing annual reports for some time. This is not something new. Not in this formal manner which this Bill will now require it to be done, but ministers of the Environment have been providing reports during estimates, they have been providing reports in their annual reports of their departments. And I might say, Mr. Speaker, that those reports have really not done the job. And to no greater extent will just another report, which the Minister of the Environment has to present, do any better job.

The problem has been that these ministerial reports, Mr. Speaker, tend to be tainted and they tend to be biased politically to suit the government of the day. And one only has to look at the kinds of reports that this government has presented to know that in their reports and in decisions that they have made of very important economic projects which have a major impact on the environment, there has been very extreme and strong political bias at the expense of environmental considerations.

So I say, Mr. Speaker, if this legislation which the minister proposes to propose was independent, then I think it would have something to commend it. If this legislation had been in place under the auspices of the Minister of Environment, either this one or the two previous ones in the last eight years under this government, would the minister have reported on the uranium mine spills in the North which they sat on for months and months and months, in which there were 150 of them in a period of 180 days . . . or 18 months I should say, Mr. Speaker.

Do you think that this minister would have made a report on that? Of course not. Because he had the opportunity to make a report and to make it public and to establish an inquiry to look into this extreme problem, and he refused to take that opportunity and did not act on it.

Do you think that if this Bill had been in place as the minister proposes, with this major flaw in it, that they would have reported on the Cargill fertilizer plant which threatens to be another Rafferty boondoggle, which the member from Rosemont so aptly has described it to be? Of course not, because the minister would have been able to employ political bias and his own party and political prejudices in preparing of that report. Nothing would have been different than it has been in the last eight years.

Now the minister said something, and I think I'm quoting him correctly because I wrote it when he was speaking. He said, there is a different world out there; old approaches are not good enough. Well, Mr. Speaker, isn't the fact that this minister and this government approved the construction of a major fertilizer plant with all of its chemical components, with all of its utilization of a major resource of which we are short of — water — half the supply, on a daily basis, that the city of Moose Jaw uses. Isn't the fact that this proposed fertilizer plant was approved without even an environmental impact assessment using the old ways and the old approaches?

It is almost laughable to have the minister stand up and talk in such glowing terms about the need for new approaches because in the last year he has had, on a number of occasions, the opportunity to use the new approaches, and he has stubbornly resisted using them and has used all of the old approaches.

I have some questions which I will be asking the minister in the estimates — maybe even in question period, but certainly in the estimates — about all of the omissions in information that even his own department had said that certain questions had been not answered about this plant.

All of those omissions and answers which were not provided to those questions and in spite of them — Mr.

Speaker, it's documented — he's approved the construction of this fertilizer plant without an adequate environmental impact study, simply for political reasons.

That, Mr. Speaker, is the old approach. And to hear that government spout words about the need for a new approach, Mr. Speaker, really lacks, in a big way, credibility and sincerity.

The minister also said that the only way to protect the environment is by involving the public.

An Hon. Member: — Exactly.

Mr. Tchorzewski: — Well, the minister says exactly. Well, if the minister chooses to explain this in closing remarks or in the consideration of this Bill in committee, explain why, if he is so committed to involving the public, why he refused to have public hearings on the environmental impact study of the Millar Western pulp mill.

An Hon. Member: — It's not true. We had them.

Mr. Tchorzewski: — Not public relations meetings, Mr. Minister, public hearings where the public can come and ask questions and make presentations and demand that the company and the Department of the Environment justify things that they're saying in that report. The minister hid from that.

If the minister is so serious and so committed, and so committed to public involvement, Mr. Speaker, why did he not first of all have an environmental impact study at the Cargill fertilizer plant and even still to this day, publicly say he will not hold public hearings when finally there is an impact statement prepared?

You see, Mr. Speaker, words are not good enough. I hear the words and they really sound very good. But when you look at the record, those words by this government are never implemented. And so although the principle of this Bill is a good principle and is deserving of support, I'm afraid that the public of this province and my colleagues and I — you can't blame us if we're somewhat cynical about whether the government would really follow up on doing what the principle of the Bill intends to do.

Mr. Speaker, if we are really serious about having an honest and an accurate annual assessment of the state of our economy and our environment, a study which has public confidence, it should be an independent, scientific, and objective assessment. It should not be a political assessment, which is what the minister proposes to do.

(1500)

Now, Mr. Speaker, before I go on further, I just want to bring to the attention of the House some rather recent information. I made some comments about the Cargill fertilizer plant. Well I think the editorial in the *Star-Phoenix* really blows out of the water the minister's argument today about adequate studies and 70 pages of reporting and wanting to involve the public, because the editorial says accurately what in fact has taken place. And

I want to read it to you, Mr. Speaker, because I know you'll be interested.

The editorial said, "... it seems the real purpose of the study..." This is the new study after the fact, environmental impact study — almost unbelievable — but an environmental impact study which is going to be done after the minister has given the licence for this project for \$377 million of Saskatchewan taxpayers' money to proceed. He gives the licence, they dig the holes, they start pouring the cement and then he says whoa, I'm going to have a study — going to have a study.

Well the editorial says:

... it seems the real purpose of the study is to allow the government to backtrack, ensuring that all its environmental bases are covered. The reliability of the study is also in question — its premise seems concocted to ensure the project goes ahead, no matter what the environmental outcome.

I think that's an accurate reflection by the editorial writers of the *Star-Phoenix* about what's been happening here, and that's why I said earlier, it is much like, in fact exactly like, the disaster and the mess that has been created at the Rafferty situation, because that's the process that was employed there.

Now the minister also made some comments about how the government is going to act — let me find it here, I wrote it down — yes, the government is going to act decisively and quickly. Well he picked an unfortunate day to say that. He picked an unfortunate day to say that because today in the *Leader-Post*, it tells you how decisive and how expeditious the government is going to be, because there's a report here from the minister's environmental round table — he does the speaking for them of course — I mean, even they don't have that much independence it seems — in which they say, "Environmental strategy vowed by fall of '91."

The article goes on to say:

You'll have to wait until next year to find out how the province plans to deal with one of the prickliest problems of the 1990s — balancing economic development against environmental concerns.

Sometime in the fall of 1991...

Now, Mr. Minister, I don't know how you define decisiveness and quick action, but that is not my definition of decisiveness and quick action. That is my definition, Mr. Speaker, of stalling for time in the hope that somehow they can get by an election campaign so that if they happen to win — I don't think they will — but in their dream world they probably think they might. And then they can ignore the environment again for another three years and hope to resurrect some kind of public relations in the fourth one more time.

Mr. Speaker, the member from Meadow Lake has spoken...

The Speaker: — Order, order.

Mr. Tchorzewski: — Mr. Speaker, the member from Meadow Lake seems to want to speak from his chair more than I'm saying from my feet. So I thank you for calling him to order.

The Speaker: — Order, order. To be fair, the member from Meadow Lake wasn't alone in interrupting your remarks.

Mr. Tchorzewski: — I would urge the member from Melfort to also settle down as well, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Tchorzewski: — Now, Mr. Speaker, this legislation if it was appropriately done, could be of great assistance to government. I wish this government would recognize that there is legislation that is open and there are things that others might say that can be of help. But this legislation, if it was done correctly, could be of great help to government in the sense that it would provide needed information that could determine policy and program and legislative initiatives.

Government shouldn't hide from that or try to set up structures which they can manipulate. Government should be more open. It could act as the signal to industry where there are problems that if it doesn't act to address them, the government will have to make them act. I don't buy this argument that governments have no role in anything, as the Conservatives opposite seem to try to propagate. Governments do have a role to protect the public interest.

This kind of legislation could provide confidence to the public that there is an unbiased scientific watch-dog over the environment. And to make this annual environmental report yet another political report, after so many unfortunate failings of this government to adhere to environmental assessment processes, is a major failing of this legislation and really puts a great doubt about the sincerity of the government.

And for these reasons, Mr. Speaker, our party, the New Democratic Party, has proposed that the intended environmental protection commission, which we have committed ourselves to, would publish such an annual report on the state and the future of our environment. It could identify developments and situations that endanger our environment or people, and make recommendations for actions.

Governments shouldn't fear such an independent process if they don't have plans to ignore environmental protection requirements. We don't fear such an independent process, and in fact would welcome its input into the decision making.

And in conclusion, Mr. Speaker, I want to point out the second shortcoming in this Bill. The second shortcoming is that it does not specify a time when the report can be released. The minister can sit on this report indefinitely, Mr. Speaker. As a matter of fact, let me give you an example.

The way this Bill reads, the report on calendar year 1990 could be completed in December of 1991 and then not tabled until sometime in the spring session of 1992. Mr. Speaker, the problem is very well exemplified by what this government has done with the *Public Accounts* report from time to time, in which, because there is no specific time when the report has to be made public, the government has sat on it to suit its own political objectives rather than providing information which the public has the right to know by legislation which has been passed by this legislature even before my time.

So in closing, Mr. Speaker, I repeat again that we support the principle of the Bill. We regret the government is not committed sufficiently to this principle to implement it adequately.

If legislators are to catch up to the public on environmental issues, they're going to have to involve the public and stop building barriers between the concerns of the people and the facts about what is happening and what needs to happen.

A New Democratic Party government, Mr. Speaker, would be very clear on this. We would implement an independent, environmental protection commission which would have among its mandate the functions of monitoring and reporting independently on the state of the environment in Saskatchewan. This Bill is in keeping with the correct principle, but falls very short, Mr. Speaker, in its actual implementation. Thank you very much.

Some Hon. Members: Hear, hear!

Motion agreed to, the Bill read a second time and referred to a Committee of the Whole at the next sitting.

Bill No. 15 — An Act to amend The Saskatchewan Embalmers Act

Hon. Mr. McLeod: — Mr. Speaker, I'm pleased to explain these amendments to The Saskatchewan Embalmers Act which deal with the ability of the council of the Saskatchewan Funeral Service Association to effectively regulate advertising by its members.

The existing Act currently contains two provisions dealing with advertising restrictions. However, these provisions were written in 1965 and are too rigid and outdated to apply effectively today in 1990.

Mr. Speaker, the association still wants to ensure that advertising by their members is carried out in a professional and in a dignified manner. These amendments will allow the association to specify a more comprehensive and relevant set of advertising restrictions in their by-laws. And in this way, these restrictions will also be easier to amend in the future to ensure that they remain up to date as time goes on.

Mr. Speaker, I'm sure that these amendments are not seen by anyone to be controversial. The efforts of the Saskatchewan Funeral Service Association to better regulate its members to protect the public deserves our

support.

So, Mr. Speaker, I move second reading of Bill No. 15, An Act to amend The Saskatchewan Embalmers Act.

Ms. Simard: — Thank you, Mr. Speaker. I've had an opportunity to review the legislation and to speak to the Saskatchewan funeral association, Mr. Speaker, and we have no objection to this legislation coming forward and so we'll just let it go at that. Thank you.

Motion agreed to, the Bill read a second time and referred to a Committee of the Whole at the next sitting.

Bill No. 41 — An Act to amend The Highway Traffic Act

Hon. Mr. Petersen: — Mr. Speaker, I rise today to move second reading of amendments to The Highway Traffic Act. These amendments will complete the package of legislative changes under my responsibility which are required by the National Safety Code for commercial trucks and buses.

As the hon. members would know, the Assembly passed amendments last year dealing with regulations respecting trip inspection, reports, and hours of service. The National Safety Code is an interjurisdictional effort to ensure minimum safety standards across the country for commercial trucks and buses. Most of these standards are already law in Saskatchewan, and the main purpose of this Bill is to assist carriers in identifying and correcting safety problems.

The Bill before us authorizes the Highway Traffic Board to maintain and review safety records of operators of commercial vehicles and to provide this information to these carriers.

The Bill also authorizes regulations requiring commercial vehicle operators to maintain records and requires drivers of commercial vehicles to provide items such as traffic tickets to their employer. I can assure hon. members that we will be reasonable in placing additional paperwork requirements on those commercial carriers. Nevertheless a commercial vehicle operator will be aware of safety related problems in his operation if he or she keeps records of drivers' convictions and warnings, drivers' qualifications, accidents, medical reports on drivers, road inspection reports, vehicle maintenance procedures, trip inspection reports, and hours of service logs for their drivers.

The new Bill will also extend and enhance Highway Traffic Board powers to sanction a carrier that chronically violates safety standards. The Highway Traffic Board has operated a progressive system of counselling and disciplining truck and bus companies for the last six years. Department officials advise me that the program has reduced carrier convictions and unsafe practices on our highways.

Many of the amendments proposed in this Bill are merely to ensure the program is well based in Saskatchewan law. A carrier acquiring a higher than normal level of violations is notified by the board. Initially the carrier is informed of the problem and asked to take corrective

action. Where problems persist, board staff is prepared to review the carrier safety procedures and suggest possible improvements.

The Bill grants the Highway Traffic Board new powers to order a commercial vehicle operator for cause to cease operating in Saskatchewan. Currently the board can cancel the operating authority of a for-hire carrier. The board is also authorized to create an order with conditions attached or to assess a fine in lieu of a prohibition order.

The Bill makes it an offence for a commercial vehicle operator to operate vehicles in contravention of any order of the board. The Bill also contains a provision to ensure fairness in any deliberations by the Highway Traffic Board. The board would be required to hold a hearing and give the carrier an opportunity to be heard, and that's a long-standing practice in Saskatchewan.

As a final part of this package, there's a new provision to assist those Saskatchewan-based carriers who operate outside the province. Frequently these companies require evidence of a satisfactory NSC (National Safety Code) safety rating, and Saskatchewan will issue a safety rating certificate upon request.

The Bill also covers the area of financial responsibility for commercial vehicle operators. At present only for-hire operators requiring an operating authority certificate must carry insurance over and above the basic plate insurance of \$200,000. We hope to extend the protection offered to the public by requiring commercial vehicle operators to carry additional insurance. I'm told by my staff that such requirements will have little impact, as most large carriers already have additional insurance coverage.

The Bill contains a number of housekeeping changes, many of which have been identified by the Department of Justice.

We're all concerned about safety on our roads, Mr. Speaker, and this Bill promotes bus and truck safety. I believe the Bill before us reflects this government's commitment to protect the public, and our experience in Saskatchewan suggests the travelling public is becoming much more safety conscious. Our accident rate is down, fatalities and injuries are down, we have the highest seat-belt usage in Canada — the list goes on and on, Mr. Speaker.

I'd be pleased to answer any of the hon. member's questions during our committee review of the Bill, and I'm pleased to move second reading of An Act to amend The Highway Traffic Act at this time.

Some Hon. Members: Hear, hear!

(1515)

Ms. Simard: — Thank you, Mr. Speaker. Mr. Speaker, we would like an opportunity to review the remarks of the minister and to consider this legislation further, and therefore we'd ask to adjourn the matter.

Debate adjourned.

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure Economic Diversification and Trade Ordinary Expenditure — Vote 45

Item 1

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

Hon. Mr. Schmidt: — Thank you, Mr. Chairman. First of all let me say that I have an associate minister, Mr. John Gerich, and he will be available later and will answer questions with respect to tourism so if the members of the opposition could hold their tourism questions until Mr. Gerich arrives.

An Hon. Member: — He's on holidays right now or what?

Hon. Mr. Schmidt: — No, he's not on holidays. He's at a meeting dealing with tourism matters so there's no need to be concerned. He'll be here shortly.

The question that we have here is the officials on the department and, Mr. Chairman, if the members of the opposition could be quiet just long enough that I could introduce my officials then they can get in their usual riotous conduct.

On my left is the deputy minister, Henry Kutarna; on my right is the associate deputy minister of the international division dealing primarily in trade, Dr. Don Wright; behind me is Terry Tarowski, the director of administration; and Peter McNeil, director of programs and services, science and technology division; and behind Dr. Wright is Dr. Peter Phillips, acting director of policy and research.

And also with us in the Assembly are Tom Young, the executive director of tourism; Mr. Bryce Baron, director of industrial opportunities; Dr. Graham Parsons, chief economist and co-ordinator of community bonds; Dona Miller, the executive director of communications; and Lyle Pederson, the executive director of small business and co-ops. And as I indicated earlier, my associate minister will be here in due course and answer further questions.

Mr. Mitchell: — Thank you, Mr. Chair. I want to tell the minister that we will not be addressing tourism matters this afternoon so that he need not concern himself in spite of some of the information that was being fed to you.

I want to tell you, minister, that I want to talk first of all about the immigrant investor program. And that will probably consume most of the afternoon. Although if I do have some time this afternoon, I would like to resume our discussion in question period about the free trade agreement as it relates to countervailing duties and particularly countervailing duties with respect to hogs because obviously you're in need of further education. And I'd be more than pleased to do it for you to assist you, and I hope we'll have time to do that this afternoon.

I have a list of questions here, minister, that I won't be asking orally, but I'll send it across to you and you can answer to me in writing in due course, and two or three weeks would be all right. But if I can have a page, I'll just send these over to you.

And now I want to begin a series of questions with respect to the immigrant investor program. I want to say at the beginning, minister, that this had been a very strange program. The country was rather surprised by it at the time that it was announced by the federal government.

And I suppose it's not a concept with which any of us are particularly easy. Certainly members of my caucus have some unease about the program when it is put in the context of passports for sale. For a \$150,000 or \$250,000, depending on where you live, if you live in the right country, you can buy your way into Canada.

And expressed in those terms, it's certainly a different way of attracting immigrants to this country. Certainly it wasn't the way in which my grandfather came here; nor was it the way, Minister, that your grandfather came here. And so it doesn't really fit into the Saskatchewan historical way of attracting immigrants or receiving people from other countries.

But at the same time we do understand that it is a source of new capital that is entering Canada, and Canada is in a capital squeeze position and has been for some years, as many countries are in the world. And so I understand that the program has a positive aspect to it as well.

And having said what I've said, Minister, I don't intend to dwell upon the program itself because I understand it's a federal program. I understand it's in effect across Canada, and it is not a program for debate in this House.

The statement that you made on June 1, Minister, about the way in which these applications had been received and processed by your government, I found to be very concerning. The statement I'm referring to is where you indicated that your government had rubber-stamped virtually all applications to set up immigrant investment funds in Saskatchewan during the program's infancy.

And I found that to be an amazing statement for you to make and an amazing admission that this was the case, and particularly so because it seems to us on our reading of the federal material that is available including the business manual — the federal Employment and Immigration business manual — and reading the June 1988 guide-lines for the immigrant investor program as well as the December, 1989 amendments to the immigrant investor regulations, it seems to me that the federal government was and is relying on the provincial government to sort out these applications at the level of the province. That when they asked the provinces to initially approve these proposals, they were serious.

And they thought that at the provincial level you would be taking steps to look at these applications, look at these proposals, these investment syndicates, rather carefully before you sent them to the federal government for approval to ensure that they were appropriate or they

were worthwhile kinds of applications — applications that you would indeed place your approval upon. And so we found your statement of June 1 that you'd virtually rubber-stamped these applications, to be quite, quite surprising.

I wonder, Minister, if you could elaborate on that and indicate why you took that position and whether that remains your position or if it's changed; and if it's changed, in what respect it's changed.

Hon. Mr. Schmidt: — Member for Saskatoon Fairview is correct when he says that there is a world-wide shortage of capital. That is becoming more apparent all the time, and that Japan is now consuming more of its capital domestically and that capital is not on the world capital markets; that Germany is consuming more of its capital domestically. And the two great exporters of capital in the last 10 years have been West Germany and Japan.

They are no longer exporting capital but consuming that capital locally, which in combination with federal deficits, provincial deficits, and the United States deficit, creates a great demand for capital, and the supply is not there and interest rates are going up accordingly. Now in Canada they are about 5 percentage points or 5 per cent higher than the United States due to inflationary problems in Ontario. There will be in the foreseeable future a greater demand for world-wide capital than the supply that will be available.

We are not, however, looking at business immigration investors from a capital point of view. The key criteria there, the key concern is that by having immigrant investors we are receiving investors with business experience, business know-how, entrepreneurs who can not only come to Canada to take a job but come to Canada to create a job. Create one job, create 20 jobs. These are the kind of people that are in short supply in Canada. There's a short supply of entrepreneurs and an over-supply of employees and therefore we have unemployment.

What we are doing with respect to the immigrant investment funds is that originally when the federal government set up these funds, they only asked the provinces to comment on the economic merits of a particular fund. Saskatchewan was of the view that all investment was of value to this province so we were not rejecting funds initially.

(1530)

Since I have taken over the responsibility of this new department, I have reviewed the immigrant investor funds and we have set in place criteria that are being developed right now. But there is no regulatory authority in statute law for the regulation of these funds outside of the Securities Commission. The Securities Commission has put in place some regulatory authority that's within their jurisdiction.

The ultimate answer is that in Saskatchewan the federal government will not consider the funds unless they are approved by the minister. And as the new minister, I will not approve new funds unless they are directed towards

targeted economic activities along the lines of the criteria set out in The Community Bonds Act and the community bonds program.

Existing funds that have already been approved will continue to operate, and new funds that have not yet been approved by Canada, we will make recommendations for approval or non-approval based on a criteria level similar to the criteria on community bonds.

Mr. Mitchell: — Thank you, Minister. Can you tell me how many proposals or applications have been made to the provincial government pursuant to this program? And the second part of my question is: of that group, how many were rubber-stamped, if I can use your term? In other words, how many slipped through to the federal government before we got serious about our responsibilities under this program?

Hon. Mr. Schmidt: — Well, Mr. Chairman, if we could go on to another question . . . They're doing a count-up on their computer list and we'll give you those figures.

Mr. Mitchell: — Okay, Minister, I'll just expand the question then a bit so they can get some other numbers. I asked you how many applications had been received and how many had been shipped along in the way in which they were handled in the first days of the program where they were rubber-stamped, to use your term.

I want to know whether they were all forwarded to the federal government or were any turned down at the provincial level; and if so, how many. And did the federal government in turn approve all of the applications or did they turn down any; and if so, how many? So I'll add those questions to the mix.

Now I was very interested in hearing your reference to targeted economic activity as what you're looking for in this program. And I take it from your answer — and please correct me if I misunderstood you — I take it that these are the applications that you're accepting now and that you would not be accepting of other types of applications. I just want to pause while you answer that, Minister, and then ask my question after that.

Hon. Mr. Schmidt: — Let's say I took over as minister on April 1, 1990. Up until that time the department did not deny any applications, but the applications were forwarded to Ottawa for their consideration. There were some applications which the department found the material insufficient and asked them to make amendments or asked the applicants to supply further information. But to my knowledge, all of them up until April 1 were forwarded to Ottawa.

As of April 1, 1990 I have not approved any applications, and I have spoke with Barbara McDougall. There are 30 under consideration by Ottawa. I've asked them to freeze the approval on those while I review those 30 that Ottawa has not approved, to see whether those 30 should apply, should be considered as new applications and be required to follow the new criteria, or whether those 30 should be grandfathered with the others that were approved earlier.

And I've stated publicly, and I will state that here for the record in the Assembly, that I do not consider building strip malls in Regina and Saskatoon and the building of purely real estate projects to be of sufficient benefit for me to approve them as minister, and they will have to be exceptional circumstances before I approved any of those.

And I realize there are gray areas where processing and manufacturing and tourism have incidental real estate components, and if it is an integral part of something that would ordinarily qualify, then we will not exclude real estate totally. But a purely real estate development, competing with other Saskatchewan developers and with other Saskatchewan real estate interests, we do not consider to be of sufficient economic impact for myself as minister to approve those. So I expect there will be some unhappy people.

But I have to take into account that they have gone to some expense in preparing these submissions, have made applications to the Securities Commission, so we haven't made a final decision on where we will draw the line. But I can say that in the future I will be a lot tougher on approvals and that where we will draw the line on the grandfathering of existing applications has not been finally decided yet.

Mr. Mitchell: — Well, that's an . . .

Hon. Mr. Schmidt: — I do have some numbers for you. Sixty-nine have been approved by the federal government. To date there are 50 that have been forwarded to the federal government and have not been approved. That was effective June 12. The province has accepted all 119 of those and 69 have been approved by the federal government; 50 have not yet been approved. On some of those 50, the province . . . and maybe on all of those 50. The information I had from the federal government, when I met with the federal minister, was that there were 30 they hadn't processed. Information I have now is that there are 50. Those will be reviewed as to whether or not they meet new criteria.

And as I explained earlier, whenever you change rules or the law, you have to make a decision on how retroactive it'll be and effective what date. As a matter of fairness, I would accept your advice on whether we should be very firm on this or whether we should review the ones that we had approved in the past. So I accept your advice in that area.

Mr. Mitchell: — Well I'd be pleased to give you my advice, Minister. I thank you for that information. First of all, just to review as I understand how the program works and give you an opportunity to comment on that, and then give you the benefit of my views.

There are, as I understand it, three basic categories of investment that we may deal with. The first is a category of self-employed individuals who are immigrants who are required to create their own job. And I am not aware if we have any of those in this province.

The second category is what is referred to as the entrepreneur category where the immigrant investors are

expected to establish a business and manage a business that they create, and they create jobs, and they maintain the jobs. And that, I think, is the targeted economic activity that you referred to in a previous answer.

And then the third is a category called the investor category, or commonly referred to as the investor category where the person coming into Canada with the \$150,000 invests that in a fund. And that is what we saw in Saskatchewan as we will be discussing later — a large number of those funds.

And as I have understood, Minister, the answers that you give me to this point, while there were quite a number of those applications, you are not inclined to be sympathetic to them although you may let a few go through that are now before you where there has been a considerable investment of time and money in the preparation of the proposal.

So that's my understanding of the categories that we're talking about, and that you have arrived at the conclusion that you should prefer the second category, the entrepreneur category, where there is a targeted economic activity. And assuming that that's correct, Minister — and you'll have an opportunity later to comment on that — I want to make a few comments of my own.

First of all, I think it is fair to say that Saskatchewan had a mix of investment categories which was quite different from the mix in other provinces. Quite different, for example, than the mix in Ontario. I have obtained some numbers with respect to the use of these categories by province. And let me just read you some of these numbers, Minister, to help make my point.

In Ontario, for example, at the time that I made this inquiry, which is some months ago, probably about the time that you were appointed the minister, there had been 26 applications made pursuant to the program, and 23 of these had been specific to a business venture and three had been investment syndicates. At the same time, British Columbia had received 37 applications, and 19 of those were business ventures and 18 were investment certificates. And so across the country the ratio of business ventures to investment certificates was either in favour of the business ventures or about even.

But in Saskatchewan there had been a total of 47 applications made, and 16 of those were business-specific and 31 of them were the investment syndicate, the big investment funds — almost 2:1 in favour of investment syndicates. And that was quite out of step with all of the rest of Canada and led a number of federal people to observe that this program was being set up, or being run or responded to differently in Saskatchewan than it was anywhere else in the country.

Ontario had a great deal of success with their entrepreneur category, with the second category. Quite a number of small businesses were established there and a number of jobs created.

Now the numbers that I've given you, I just want to backtrack on that. I want to just flesh out some

information. I had some 1986 numbers from Ontario which indicate that some 235 entrepreneurs were approved and accepted. And that involved an investment of \$82.8 million and they created 3,396 new jobs. Now those are quite interesting statistics.

In the meantime, in Saskatchewan our program was biased towards the creation of these funds and their job creation record to this point I think is nothing like the experience in Ontario.

(1545)

So that my advice on the matter, Minister, is that after a very, very shaky start on this program, you seem to share the view that I had developed early on in this program, and that is the best use of the program is to target it to a specific economic venture and try and encourage immigrant investors who want to come to Saskatchewan with their \$150,000, to come here and invest in a specific business and get that business up and running. And I know, and I know you know a number of situations in Saskatchewan where that's actually happened.

So my advice is that the second category is the one to focus on and we should move away from approving the big funds, the third category of investments. So I'd like your comments on that, Minister.

Hon. Mr. Schmidt: — Well first of all I'm going to send over for you a May 29, 1990 Canada-wide statistics indicating current statistics so that your research is current. And then let us examine this area.

The business investor program categories as set out by the federal government are self-employed, entrepreneur, and investor, as you've indicated.

Self-employed. I've never been to Asia. I suppose I'll have to go so I understand that area better because I have considerable jurisdiction and a lot of . . . I have a lot of Asian people coming over and expressing an investment interest in Saskatchewan, so I should really understand what they're doing a little better.

But my understanding is that most of these people come from Hong Kong, which is a fairly crowded city on a small land mass. They're used to a crowded city. So, number one, the self-employed people tend to go to Vancouver or Toronto because it's the kind of city they're used to. It's crowded, by our standards, and it has a lot of people. There are a lot of Chinese people in Toronto and Vancouver. I read in one of the papers that there were 300,000 people of Chinese origin in the Toronto metropolitan area. And so they have a sense of community. So we wouldn't expect to get a lot of the self-employed people here from Asia.

This is not a program that is limited to any part of the world, but it is in Asia where people have accumulated some wealth and are concerned about their economic and political future and are interested in bringing some of that wealth to Canada and putting it to work in Canada in a North American market. Because we are now a North American market as far as they are concerned, with respect to the free trade agreement we've signed with the

United States.

People from Asia like Canada as a friendly country, want to come here and invest here to sell to the North American market — the United States and Canada. So they have got themselves a market of about 270 million people and can live in Canada.

Now the entrepreneurs are the kind of people we would like to attract to Saskatchewan for reasons already stated. They have an affinity to Vancouver and Toronto, but we try to attract as many as possible. The investor can invest in a specific project, in a syndicate, or a government administered project. And what you have then is you have investment funds which are quite attractive in Saskatchewan because we are in need of investment. The federal government has designated us to be an area where you can invest with \$150,000 cash rather than \$250,000, as in Ontario and British Columbia.

So investors are putting their money into funds. We are in substantial agreement, you and I, that funds should be targeted. Initially we left this in the hands of the federal government and it is their program, but I have indicated clearly that since I've taken over, that there will be targeting of these funds.

The only thing that you are in error on is that we do not . . . while we like the entrepreneur to come here as an immigrant, it is not impossible to target funds. And that's why I'm review the applications on funds to try to get some targeting with respect to investment in processing, manufacturing, destination-tourism, and those types of investments that would enhance our job market in Saskatchewan rather than build real estate.

And we're in substantial agreement, but I just wanted to clarify for you that we are not going to prevent funds; we are going to try to target the funds.

Mr. Mitchell: — I want to ask you, Minister . . . and I think we made a mistake, for whatever reason, when we let this program get started in Saskatchewan the way that it did. I'm not exactly clear on how you go about shaping the way in which the program gets started in a province but I look at the numbers for Ontario and, according to the numbers that you sent across to me, they had 131 approved proposals for business ventures and 14 for investment certificates, whereas in Saskatchewan we had 45 business ventures and 75 investment certificates. So there's a huge difference in the mix there and you and I are agreed that the business venture category is the better approach to take with respect to these funds coming in.

And what I want to know is how you explain Saskatchewan got off on what I would call the wrong foot? How did we get so preoccupied with the investment category and down-played or at least did not develop the business venture option a little more aggressively?

Now in that connection — and I think it's in that connection, you announced a policy review of the program or maybe it was your predecessor that announced it immediately before your appointment — and what my question in that connection, and I believe it may be related to my first question, is: what triggered that

policy review?

And let me suggest the answer, and you can comment on that in giving me your answers, that it had to do with the investment syndicates and the regulation or the lack of regulation of those syndicates. And you'll remember, Minister, there were exchanges between you and I in the press on . . . or at least me and the minister of the day in the press on that score because we had these syndicates being developed in Saskatchewan, being approved by the Saskatchewan government with little or no examination, being forwarded on to Ottawa, being approved by Ottawa seemingly on the assumption that Saskatchewan had looked at them. And then the people selling these funds were off in Asia, for the most part, selling \$150,000 units to people who live there who wanted to immigrate to Canada.

And it was a shocking situation from many points of view. It was, first of all, a situation where there was no regulatory agency looking at it at all, including your department with respect to the early applications, and certainly not the federal government and not the Securities Commission; not the Securities Commission, Minister, in the same way that it would review a similar proposal for the sale of units to the consumers of Canada.

In other words, the Securities Commission was not giving it the kind of review on the merits of the investment that they were giving to a domestic proposal to sell securities. And that's what you're selling when you're selling units in one of these syndicates: you're selling a security by definition under the Act.

And yet our security commission couldn't do anything; the provincial department wasn't set up to do anything; the federal government was not really doing anything with respect to the merits of the proposal. Over in Hong Kong, for example, they weren't doing anything there either, because it wasn't within their jurisdiction.

And as a consequence, we had these — I call them early syndicates, the investment syndicates that were set up in the early days of this program who were out there on the streets of Hong Kong selling units in this program, and nobody had taken a look at it. And I thought that that was a most extraordinary thing.

The best answer I could get, Minister, was that these people who would be putting up the \$150,000 fell into a sophisticated investor category and therefore you didn't have to vet or you didn't have to review the security in quite the same way as you did if you were selling penny stocks or dollar stocks on the stock markets of Canada.

And yet that's hardly a sufficient explanation when you really think about how the program worked, where you have some person in Hong Kong who has barely heard of Canada and probably never heard of Saskatchewan, looking at a proposal to buy a unit in a fund being set up to purchase a hotel, and doing it from material that had not been vetted and had not been approved by any of the approving agencies. And that, I suggest, was a major problem with the program and may to this day still be a problem with the third category of investment.

So my question, Minister, in that connection is whether your review was related to that problem and to the fees that were being charged and the commissions that were set out. You know what those were in the offering memorandum. There are opportunities there for people to make enormous sums of money in the handling of these syndicates and in the selling of the units in Hong Kong — huge amounts.

And my question is whether these shortcomings, these defects in the program are what led you to the policy review; or if not, what were the factors that led your predecessor and you to reviewing the policy with respect to this program?

Mr. Chairman: — Why is the Minister of Highways on his feet?

Hon. Mr. Petersen: — Mr. Chairman, I'd ask leave to introduce some guests.

Leave granted.

INTRODUCTION OF GUESTS

Hon. Mr. Petersen: — Thank you very much, Mr. Chairman. I'd like to introduce to you and through you today, 27 grade 5 and 6 students from the Wishart School in Wishart, Saskatchewan. They are accompanied by Virginia Latoski, Gloria Rink, their teachers; and chaperons, Donna McDougal, Helen Nichol; bus driver, Valerie Stefankiw. I'll be meeting with you for pictures and refreshments very shortly, and perhaps we can have some questions and answers. I'd invite all hon. members to join me in welcoming you here today. Enjoy yourselves.

Hon. Members: Hear, hear!

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure Economic Diversification and Trade Ordinary Expenditure — Vote 45

Item 1 (continued)

Hon. Mr. Schmidt: — Mr. Chairman, my department and, I say I, but my department on my behalf and myself are not reviewing any of the funds with respect to the merits of the investment or the security of the investment with respect to the investor. We are reviewing funds only with respect to the targeting of the investment to desirable economic development in Saskatchewan, that is a diversification style of development rather than a real estate style of development.

Let us say that earlier the type of investors that we've attracted in Saskatchewan — there're several problems. First of all we didn't spent enough money on this as a government to go out around the world and attract the people that we would want to have.

I'll give you an example. Quebec runs their own immigration and spends \$31 million per year on their immigration offices. Saskatchewan doesn't have that kind

of money; we haven't spent that kind of money. And earlier on we didn't have people in the field to see what was going on in Hong Kong and in Taiwan and Singapore and East Asia, where most of the immigrant investors come from.

So we are looking primarily at targeting and we do not intend to spend money building a regulatory authority to protect foreign investors. Foreign investors have the benefit of coming to Canada and will have to take their chances on investing in Canada. We believe Canada is a good investment and that they are coming to Canada, they are prepared to invest \$150,000 to come to Canada, and to invest in this country. And so we leave that to their judgement, but we will target the investment funds in the future.

(1600)

And I've taken a tough line since April 1, 1990. And you would not expect me to take any other kind of a line, would you? And I've taken a tough line on this and I think you'll agree with the tough line that I'm taking on this matter. And that's how we intend to operate in the future.

With respect to regulation, it's not our program; it's a federal program. It's up to the federal government to regulate the program. We are only advisors. And all I have as a provincial minister is a veto right now, and even that the federal government could override. If I refuse to approve a project, the federal government could still override it because it's a federal program.

We are pleased that the federal government is asking for our opinion. What I am saying is that we are going to get tougher about what we give a good opinion to. And British Columbia is three years ahead of us in this area. Quebec is five years ahead of us in this area of immigrant investment. They have spent a lot of money. They've sent a lot of people to Asia to promote these matters. British Columbia has certain natural advantages because they are the closest province to the Pacific Rim. They are right on it. But to Asia, they are the closest province. And that is really the situation that we are going to take a tough line on targeting, but we never ever want to get into appraising the merits of individual investment funds to say to investors in Asia, this is a good investment or a bad investment. They'll have to make those decisions. We're only interested in targeting at this stage.

Mr. Mitchell: — Now with respect to the last part of that answer, Minister, I want to pursue that because I don't understand it. I mean we have the Securities Commission in existence now and it is well staffed and very competent to do the job that it's required to do by The Securities Act. And part of its existing function is to review prospectuses for the sale of securities. And in respect of this program, we have exactly that. We have offering memoranda which are prospectuses for the sale of units in an investment fund which are securities.

And it seems to me that it would be a small matter for you to simply require Securities Commission review with respect to the ordinary things that the Securities Commission looks at all the time to try and ensure that there's a measure of protection for the people who invest.

Now I realize that these people who are investing in these funds are not from Canada, but we want . . . you know, they're coming as citizens, Minister. We want them to come with their families. We want them to put down roots here and live here for generations. And why wouldn't we be protecting their investment of \$150,000 that got them here in the first place?

And we have only to look at the offering memoranda to see the holes in them and you know that the Securities Commission would not have approved them for domestic investment. Some of the offering memorandum were so general and vague that they're practically meaningless and you couldn't really ascertain what was going to be the subject of the investment fund.

Many of these funds had not retained qualified investment advisors, which would have been of interest to the Securities Commission. And there have been allegations flying around for months about the tactics used, the deceptive tactics used in marketing some of these funds in Asia.

So my question is to you: why wouldn't you use the existing Securities Commission, with its existing bureaucracy that's already in place, to do precisely what I suggested?

Hon. Mr. Schmidt: — Mr. Chairman, the Securities Commission should and does enforce what is within their jurisdiction. They are licensing the fund managers, I understand, requiring them to be licensed. They are requiring a prospectus to be filed with the Securities Commission.

But the bottom line is, Mr. Chairman, that these securities are sold in Asia, not in Saskatchewan, and this is an exempt market of sophisticated investors. And I can't justify having Saskatchewan taxpayers' money being spent building up a bigger bureaucracy to protect foreign investors. I can't, I don't . . . one million people in Saskatchewan cannot build a bureaucracy to protect 3 billion people world-wide.

They'll have to make some of their own decisions world-wide. The Securities Commission will do what it can. But I certainly cannot authorize expenditure of further taxpayers' money to protect foreign investors who are investing in Canada in an exempt market where the securities are being sold in foreign countries. I understand it's complex, but the bottom line is I will not put taxpayers' money into regulating securities sales all over Asia.

Mr. Mitchell: — Well, Minister, I'm very critical of that answer, because you're not here just talking about shares that will be sold in Asia, you're talking about securities, investment units that will be sold to people who in a matter of months or weeks are going to become Canadians. They are people who are going to be putting, in many cases I suppose, a sizeable portion of their life savings in order to buy citizenship in Canada.

And they're coming here under an immigration program sponsored by the federal government. Probably most of

them are aware that there's two levels of government that have been involved, because no doubt the . . . well I know the offering memorandum refers to the Government of Saskatchewan as well as the federal programs. So when they buy into these funds, Minister, they know that they're buying into a government program at least on the immigration aspect of it.

And they are not sophisticated investors, Mr. Minister, as we understand that term domestically in Canada. These are not people who are Saskatchewan residents or Toronto residents or Vancouver residents with a lot of money accustomed to playing the Canadian stock-market with all the kinds of information and sources of information that those truly sophisticated, domestic investors have.

These are people trying to get out of Hong Kong or trying to get out of South Korea, trying to come to Canada, a free and democratic country. And they are going to be Canadians. It's not simply a matter of them making an investment in Canada, trying to make some money. They are changing countries. They're moving their whole families for ever into our country.

And I'm critical of your answer because it just simply doesn't take into account the fact that you're dealing with future Canadians, people who in a matter of months will be domestic citizens of Canada or at least landed immigrants in Canada, people who we would protect here through the same Securities Commission with respect to almost every other security that they may buy in the future.

And I invite you, Minister, to at least show some flexibility on this and give some consideration to the fact that the Securities Commission is here and is competent and capable of taking on these applications without any . . . probably without any large increase in staff at all. It's not a question of spending a lot of new Saskatchewan taxpayer money to protect people who live in another country. And besides, as I said earlier, these are people who are, while living in another country, on their way to becoming Canadian citizens and deserving of all of the protections that we would accord to our own citizens.

Hon. Mr. Schmidt: — Well I don't think it pays for us to prolong this discussion. If you want to go on and on repeating the same things, I suppose that we can. But I'm just saying this: that if someone in Ontario organizes a company to mine gold in Saskatchewan and sells shares in Ontario, they apply to the Ontario Securities Commission and the Ontario Securities Commission regulates those securities. The fact that the mine is situated in Saskatchewan is not in question because the securities are sold in Ontario. So there's nothing unusual that if someone is selling securities in Asia that we would not reach out into Asia and try to regulate in Asia what's being sold in Asia.

We are concerned. The Securities Commission is doing what it can within its jurisdiction. The bottom line is that we're not going to spend Saskatchewan taxpayers' money to protect foreign investors who are purchasing securities in a foreign jurisdiction. Where the investment will eventually be in Saskatchewan, the sales are being

made in Asia.

And I encourage the Securities Commission to operate within their jurisdiction, but I'm not going to give them more money or more jurisdiction to spend more money with respect to regulating securities outside of Saskatchewan. Each home jurisdiction has a responsibility to protect its own investors, and Hong Kong can pass these kind of rules if they're not satisfied with the sales people being in Hong Kong selling securities there.

Mr. Mitchell: — All right. What you've said is you're just not prepared to be flexible on this question and I guess that we'll just have to leave it at that, Minister, as something on which you and I don't agree. But I certainly am critical of the position that you've taken on this and of the fact that you're not prepared to show the flexibility necessary to review this very important question.

I want to ask you a specific question about the potential investments approved for Saskatchewan. What is the total amount of potential investments that have been approved for Saskatchewan, and how does this compare with other provinces? Is it the largest amount that had been approved for any of the provinces or how does it compare with other provinces?

And secondly, Minister, how many of the investment syndicates have met their minimum offerings and are now ready to invest in Saskatchewan?

And a third question that I'll ask is related to that. When will you receive the first interim report from these syndicates reporting where and by what instruments they have invested the funds?

Hon. Mr. Schmidt: — Well I've provided you with that information. The total approved maximum subscription is \$1,452.228 million, of which subscribed to date is \$138.6 million — a total of 877 investors. And that does not mean that the money is available for an investment in Saskatchewan at this time, the 138 that's been subscribed, because under the program all of the people in the fund have to be approved for immigration to Canada before the money can be released, so the bulk of that money is in escrow right now. In March, 1990, the federal government agreed to change the rules so that 70 per cent of the money in escrow could be released for investment out of the fund, even though all of the immigration matters had not been approved.

Immigration processing is going too slow. It's taking one and a half to two years to get the investors processed, so most of these 877 investors are in the process, most of them through the Hong Kong office where 800 or so people are applying to get into Saskatchewan on the immigrant investor program.

I recently met with the federal immigration minister, discussed with her the delays in processing the immigrant investors to Saskatchewan, discussed with her the fact that British Columbia and Quebec had twice as many people processed — in Canada, per capita — as Saskatchewan has and that she assured me that this was a matter of Quebec and British Columbia being out there in the market and that there is no conscious effort to slow

things down for Saskatchewan. She assured me that they would try to co-operate in every way possible. The Hong Kong office, I am told, is extremely busy. We have our own Saskatchewan office in Hong Kong, and they're trying to expedite these matters as much as possible.

But the federal officials are the federal officials, and they will do things in their own federal way so that there's only so much we can do even with a minister promising co-operation. There's only so much we can do to get this expedited.

So while the cash is committed, there is very little that is actually available for immediate investment.

(1615)

Mr. Mitchell: — So I take it that you won't be receiving any reports or interim reports from the syndicates about how these funds have been invested. You don't expect to do that for some time, I understand from your answer.

Now, Minister, what problems do you foresee as these funds are approved and as they're invested? Have you any thoughts on that, Minister? Has your department foreseen any problems such as, will the money be there to return to the investors? By and large, how do you think these syndicates are going to work, based on your analysis to this point? And are you concerned at all about the position of these funds?

And what, if any, steps do you plan to take to watch these funds and see how they develop? And are you concerned, Minister, are you concerned about that in the context of Saskatchewan's reputation in places like Hong Kong and South Korea and other places as a result of the activities of some of these syndicates to this point and as a result of their performance in the future?

Hon. Mr. Schmidt: — Well according to the federal rules, these investments are to be risk investments that are not guaranteed. And you were critical here a few days ago in question period that there was some suggestion of a guarantee. And the rules are quite clear, there is to be no guarantee.

As a matter of fact, with respect to the question you raised in question period on the Omnivest Capital Limited Partnership in Regina, Saskatchewan, on June 4 I wrote the federal minister indicating that you had expressed concerns and asked the federal government to investigate these allegations with respect to an alleged guarantee that we believed was not there but that was in the promotional material that you presented to us assuming the material was accurate. We were concerned, and we have asked the federal government to investigate that particular matter. So you know that there is no guarantee to the investor.

You yourself have raised that point that there is to be no guarantee. I agree with you. It is risk capital. There is no guarantee that the people get their money back in three years. They know that when they invest. I would ask them to choose wisely and they will have to take their chances. This is risk and the risk is in Saskatchewan.

And I would expect that, for the most part, the risk isn't all that great, but I don't doubt that some people will lose money on their investment. That is the normal situation in investing. Hopefully, there will be many winners and just a few losers in that risk investment.

Mr. Mitchell: — With respect to that Omnivest Capital question that arose, Minister, I'm glad you mentioned that because there's another question that I had for you in connection with Omnivest. Are there other situations or other funds that have any kind of direct Saskatchewan government involvement of the kind of what is referred to, in the letter that I sent across to you, as a guarantee, sort of support from the Saskatchewan government, besides Omnivest?

And like does, for example, SEDCO play a role in any of the other funds? Because as I said to you and as you agree, the immigrant investment funding is risk capital situation, and that's what really astonished us about the material that we happened across in the Omnivest situation, including that letter that you've now referred to the federal government. My question is whether there's other funds in the same . . . or in a similar kind of situation as Omnivest?

Hon. Mr. Schmidt: — The question with respect to SEDCO would be best asked of the SEDCO minister. To my knowledge, SEDCO is not involved in any refinancing of other funds, with the exception of the Saskatchewan growth fund matters.

Now the only guarantees are . . . we don't guarantee it, but let's say that if you're an investor in Asia and you're investing in the Saskatchewan growth fund, you would have a better expectation of return and a better expectation that you will be dealt with fairly if you're investing in Saskatchewan Government Growth Fund. So there is no guarantee, but I would say that there is less risk from the investor's point of view where the Government of Saskatchewan has its own government-sponsored fund.

With the exception of that fund, the only other fund that I know of is the Omnivest Capital Limited Partnership where the federal government deemed in July of 1989 that SEDCO's mortgage commitment was for refinancing at a later date and not a guarantee to the investors. That was the ruling of the federal government in July of 1989.

I've asked them to confirm that ruling and investigate the allegations that you made, that this particular fund was advertising on the basis of a government guarantee, which the federal government had agreed there was not a government guarantee.

So if the federal government investigates, they can deal with the matter accordingly. They've been known to ask for changes in the operations of funds. They've been known to . . . I don't know if they've cancelled funds, but I know that there are funds that after the federal government had a discussion with them about the rules, the funds have been withdrawn. So whether they were cancelled or voluntarily withdrawn is another matter. I know that has happened.

So SEDCO has a commitment to refinance the project with Omni Capital Partnership. SEDCO has made an ordinary business transaction there where they will be compensated in shares in part of a particular project in Regina that has tremendous economic potential for entrepreneurs in Regina, especially start-up people in an incubator business mall located right next to the airport where business people coming and going world-wide can see that these new businesses are in operation.

So it has tremendous potential. It fits into the mandate of SEDCO for economic development and they saw a business investment, made a business investment there. Their part of the investment is the refinancing after three years.

And so the only concerns we have is with respect to the allegations of advertising of a guarantee that you raised. I've asked the federal government to investigate that.

Mr. Mitchell: — I have another question with respect to a different fund, Minister, and this is a fund called Capital 8 Investment Corporation, Capital 8 Health Fund. And the offering memorandum on that fund has, under the heading "Investment Strategy", the following:

The primary investment by the manager is expected to be in a leasing organization devoted entirely to the leasing of capital equipment to the Saskatchewan and Canadian health care system. Due to the nature of health care delivery in Canada, leases to this market will provide the required level of security and predictability as well as fulfilling the overriding goal of generating enough cash by year 5 of the leases to repurchase the shares of the investors.

Now could the minister explain the government's commitment to this fund and its involvement in this fund?

Hon. Mr. Schmidt: — The government has no commitment to this fund. The information I have given to me just now, and this is the first I hear of this particular fund, as you know there are 119 of them all total, and as minister I haven't approved any, so this is not one that I had any specific jurisdiction over. This fund has a minimum offering of \$5 million and a maximum of 30 million, and I would expect that their last amendment in this fund was with Employment and Immigration Canada on January 11, 1990. It was approved as a tier 1 fund, so I'd expect that they're now trying to sell their fund in Asia, and I would expect that they would not have any money for investment for another year at least.

So the government has no involvement. I don't know if their fund will sell or not sell. That's a matter that this particular company will have to do with respect to their marketing.

Mr. Mitchell: — I think you'd agree, Minister, that a very peculiar choice of words that they used here, where the primary investment is to . . . lease capital is to be used in leasing capital equipment to the Saskatchewan and Canadian health care system. And I would ask you to . . . I think you've gone as far as you can today, but if you investigate that and find out any more information

concerning any commitments that may have been made by the Saskatchewan government or discussions or talks that may have led to some understandings as to the relationship between this company and our Saskatchewan health care system, I would be obliged if you would make that public, or at least communicate it to me.

Now I want to now go, Minister, to this business of the pork countervail that you and I opened in question period today. This is, Minister, an outrageous subject. This is an outrage to the pork producers of this province.

The pork producers of Saskatchewan were very supportive of the free trade agreement on the basis of certain understandings that they had as to what that process would yield for them. Indeed, there are many, many producers in agriculture and in all kinds of industries in Canada who were supportive of the free trade talks because of understandings that they reached or that they had from the federal government and from the various provincial governments, none more so than the Government of Saskatchewan who was behind this free trade deal right from the time negotiations started.

It was a general expectation, fostered by the federal government and fostered by the proponents of free trade, that the free trade agreement would resolve the question, the problems that Canada was facing with respect to the application of the American trade laws, respecting particularly countervailing duties.

Now anti-dumping duties were included as well, but that's of interest to a narrower range of people than is the fear of a countervail. And a countervail, as the minister will know, is a trade weapon that the United States have to counterbalance what they perceive to be a subsidy in the country that is exporting material or goods and services into the United States.

Now it was the understanding of many producers in this country, and none more so than the hog producers in Saskatchewan, that one of the outcomes of the free trade negotiations would be a clear agreement with the American government respecting this question of subsidies and this question of countervail. And throughout the negotiations these statements were made and impressions created.

And indeed, Minister, you will recall that in the final hours, when Canada's negotiator, Simon Reisman, walked away from the table, it was specifically because this question had not been wrestled to the ground and they were not able to get any movement from the American authorities that would satisfy the expectations in Canada.

And finally at about five minutes before midnight on the last day on which the agreement could be reached, the Americans floated the idea of this bi-national dispute settlement mechanism — this bi-national panel. And we're beginning to see the results of that panel. We're just beginning to see it. But it is my theory, and I fully expect that events are going to substantiate my theory, that that bi-national panel is going to be an inept and ineffective mechanism for the protection of the interests of Canadian

exporters.

(1630)

The expectation of the hog producers and others, Mr. Minister, is that the free trade agreement would result in a regime, if I can use that term, in a set of arrangements by which they would no longer be threatened by countervailing duties, a regime under which they would no longer have to fear the American trade authorities landing a duty on Canadian pork being exported into the United States. And, Minister, the agreement failed entirely to deal with that subject. The free trade agreement failed entirely to get any level of satisfaction with respect to that issue.

The American trade laws are today in effect in every sense of the word as they were before the free trade negotiations even started. In fact I think as a result of the free trade debate and the free trade negotiations, more American producers are aware now of the potential use of the countervail weapon than ever was the case before. The free trade negotiations have in fact exacerbated the situation. And the only thing we got in return besides this inept and practically useless bi-national dispute settlement mechanism is an undertaking to talk about the question of subsidies over the period of seven years from the date of signing of the agreement.

We're going to talk to the Americans about subsidies. Talk is cheap, my colleague says, and indeed to this point those talks have been very cheap — very cheap. They don't seem to have any priority in Ottawa, and I'll want to know from you later what priority they have in the province of Saskatchewan. But those subsidy talks just have very little likelihood of producing any good news as far as the province of Saskatchewan is concerned.

And so, Minister, every time we see a trade action directed against, for example, hogs in Saskatchewan, it angers us on this side of the House. And it angers all of the many, many people in this province who are opposed to the free trade agreement. It angers many of those people because we foresaw these problems. And every time a countervailing duty is threatened or imposed, we say again, aha, the free trade agreement that was supposed to make these problems go away, failed to do it.

An Hon. Member: — Don't say it with so much pleasure.

Mr. Mitchell: — And we're going to be after you, Minister, every time it happens. Now you accuse me of saying it with pleasure, and I don't. I say it with sadness. But I say it with anger also because those hog producers were led to believe that the free trade agreement was going to resolve their problems in some way. And it has failed to do that.

In addition, Minister, the hog producers definitely had the impression that the free trade agreement, and the chapter on agriculture in particular, were going to reduce the border hassles. They were going to make the border hassles go away. No longer would they be faced with phoney American regulations that would keep out our livestock because we fed them a certain kind of feed or included a certain kind of additive in the feed. And no

more would we be stopped at the border with phoney inspections that would delay the entry of our meat products into the United States.

Well what's happened? What's happened is that there are more . . . there have been more of those border hassles since the free trade agreement than there was in the period before the free trade agreement.

Now we've had a lot of outrage and a lot of complaints with respect to those hassles and some of them have been resolved. Some of them haven't been satisfactorily resolved and it has done damage to the industry in Saskatchewan.

But I think that the biggest problem is the countervail. The border hassles are important and they're aggravating beyond words, but the countervail is the one with the real bite. And these countervailing actions was the central goal of our negotiations as far as our red meat industry in Saskatchewan was concerned.

I just want to just remind you of the chronology of events as far as the countervail in hogs is concerned. On May 8, 1989 the U.S. Commerce Department issued a preliminary ruling on the threat of injury to U.S. producers. And they found that there was a threat of injury to the U.S. hog producers on account of Canadian exports or imports from Canada into the United States. Our federal government did not appeal this initial ruling under the GATT (General Agreement on Tariffs and Trade) as it had a right to do. We don't know why, but it did not appeal.

So on July 19, 1989, some two and a half months later, the American commerce department ruling . . . there was a ruling which upheld and in fact raised the duty on fresh, chilled, and frozen pork. It was set at 8 cents a kilogram, or 3.6 cents a pound on fresh, chilled, and frozen pork. Now in August 1989 this decision was appealed to the bi-national dispute settlement panel under article 1904 of the free trade agreement, and there it sits.

Now as I say, that panel is, in my opinion, a useless and inept body. All it can do is determine whether the American trade laws, the existing American trade laws were applied correctly and fairly. In other words, nothing to do with whether or not there's a case in fact existing, a subsidy in Canada that they're entitled to countervail, but did they in fact follow the proper procedures: did they follow the American trade laws, did they make the inquiries. But it is not, Minister, it is not an appeal on the merits — it is not an appeal on the merits.

Now I don't know how that registered in the minds of trade experts. But you, as a lawyer, would know the difference between an appeal on the merits and an appeal in an administrative sense to determine whether the proper procedures had been followed and whether the law had been fairly interpreted. It's the difference, Minister, between judicial review as you understand it on the one hand, and the review on the merits on the other. There is no review on the merits in connection with the bi-national panel.

Now the situation right at the moment is that we are

waiting for a decision, a final decision from this panel, and it has to be made within 315 days, so we should have it by about a month from now, about mid-July.

Now during all this time now that this has been happening, the countervailing duty has been collected in the United States and it has been . . . they've been doing that since September 13 of last year, and they continue to do that and it sits in the fund. Now they're keeping that on deposit and if by some miracle this bi-national panel actually works and justice is brought to the case and that countervail is done away with, we get the money back. But the chances of that happening, Minister, are just nothing. They're so tiny they don't even count.

Now it has bitten in . . . has hurt in Saskatchewan. The bite from the countervail has really hurt and you know that, Minister, because I've raised these questions in this House. Moose Jaw Packers has laid off 20 employees, more than half its staff, as a result of this inspection harassment at the border. That was the trigger, but the real reason was the imposition of the heavy countervailing duty. And Intercontinental Packers has announced that it would be cutting off . . . or laying off 60 workers, bringing to 240 the total laid off since November of 1989. And that was as a direct result of the countervailing duty.

Now Mr. Mitchell — no relation of mine — the head of Intercontinental Packers, says quite correctly that it is not the fault of the free trade agreement in the sense that there's nothing in the free trade agreement that led to this damage or this insult.

But my point is it was the failure of the free trade process, the free trade negotiations, to come to grips with this countervailing duty that has resulted in this problem. It has interfered with the access of Canadian pork to the American market.

And that, Minister, is exactly what we were after . . . Canada was after, in these negotiations. It was triggered, you remember, by the softwood lumber dispute, by shakes and shingles, by Atlantic fish, and by Ontario specialty steel, and a host of countervailing duties that had been imposed by the Americans over the years.

And we Canadians decided we had to resolve that issue, and we tried to do it and we failed. Now, Minister, that is a sad, sad state of affairs, and that's why I raised the matter again today in question period and why I'll continue to do it.

Now I want to pose a question to you to focus your answer, and it seems to me that there are two possibilities for us being able to recapture our initiative in this situation, to recoup our losses. The first would be to revoke the free trade agreement, to give notice to the United States under the appropriate article that six months from now we're out of it because it's simply not working.

I don't suppose that you're going to do that though, Minister. I don't suppose you're going to be requesting your counterpart in Ottawa to do that. And they wouldn't do it anyway, because they still cling to the belief that they might be able to salvage something from this free

trade agreement. But the alternative is to get serious about these subsidy negotiations, to get really serious about it.

Now all of the information that we've been able to get from Ottawa indicates that they're not serious about it. They don't put any particular priority on it at all. They have a team of civil servants assigned to that task, which is not the A team, Minister. There's no Simon Reisman on that team. There's no Gordon Ritchie on that team. It is a B team. To put it on its highest plane, it is a B team. And it seems to me that that team is not being assisted by provinces such as Saskatchewan which have such a very high stake in the subsidy outcome.

Now my question, Minister, is related to that last alternative, the alternative of really getting involved and placing a high priority upon the subsidy negotiations. Just what position is Saskatchewan taking with respect to these subsidy negotiations and how are we involved in the process? And if we're not actively involved in the process, then why aren't we? And what steps are you taking and will you take to ensure that Saskatchewan producer interests are being protected during those subsidy negotiations?

You must realize — I know your department realizes the crucial nature of those discussions and their crucial importance to the export part of the agricultural industry in Saskatchewan, which is practically the whole of the industry. These are vitally important talks as far as our future is concerned. And I would like to hear from you just how you're participating or seeking to participate in those discussions.

Hon. Mr. Schmidt: — Thank you, Mr. Chairman. When the free trade agreement was being negotiated, there was an attempt made to include with it a resolution of countervail arguments. That doesn't mean that there won't be countervail arguments from time to time.

The Americans did not wish to change their countervail laws and we did not wish to give up on our marketing boards. And if the countervail issues would have been included in the free trade agreement, we would have had to make concessions on our marketing boards which we were not prepared to do. And so the end result was that the free trade agreement was signed with respect to tariff items. Tariffs are being reduced. Countervail is a separate law and it's a law that lets you compensate your producer or punish the exporter into your country for subsidies they are receiving from their government.

Whereas we know the world is full of subsidies, has been for many years, probably for two millennium, agriculture has been subsidized from the Roman Empire on to the Russian empire and on to western Europe and the United States and Canada to some extent. And there's a constant world-wide debate on this. And as a matter of fact the Uruguay round of the GATT negotiations are taking place right now.

So countervail problems still exist where there are international arguments between countries with respect to subsidies being provided to producers when those subsidies are involved in export. And if you are subsidizing for export, you are subject to countervail

rules.

The United States and Canada are in a dispute over whether this is the case, and let me give you a bit of background. The United States imposed a 3.6 cent per pound or 8 cents per kilogram countervail on imports of Canadian pork effective September 11, 1989. Saskatchewan's exports of fresh, chilled, or frozen pork to the U.S. in 1988 were \$51 million.

(1645)

Some of the provinces in the meat industry have jointly launched three appeals against the U.S. ruling. The first appeal is an appeal of subsidy determination by the free trade agreement dispute settlement panel. The decision on that is expected on July 3, 1990. We have appealed the injury determination to the free trade agreement dispute settlement mechanism. The decision on that is expected on August 24, 1990.

Contrary to what you have told us here today, we have appealed to GATT . . . we have appealed a subsidy determination directly to GATT. That has been done, contrary to what you have tried to lead this committee to believe. We have appealed the countervail to GATT . . . (inaudible interjection) . . . Well you're saying you know that. Well then, we agree; we have appealed the countervail to GATT.

Now what you have is a situation where you ask, what are we doing about these matters? We are constantly having Saskatchewan input in the federal position with respect to the free trade agreement. We are constantly encouraging the federal government to use the dispute settlement mechanism, as they are in this particular case.

The federal minister met with the provincial ministers in Ottawa about three weeks ago and Mr. Crosbie indicated that GATT is one of the key negotiations now. And he invited the provincial ministers to join with him in Brussels in December to see what could be done with respect to straightening out agriculture matters at GATT. The final negotiations will be in early December of this year. Saskatchewan is invited, as are the other provinces, to go with Mr. Crosbie to make certain that our position is at the forefront with respect to Ottawa's position.

Now your suggestion that we cancel the free trade agreement . . . (inaudible interjection) . . . revoke, I think, was the term you used, would be an expensive temper tantrum for Canada, and expensive for our citizens. Because contrary to your arguments that free trade has been bad for Canada, Saskatchewan's value added exports to the United States since the agreement has been signed have increased from about 600 million — 598 million to be exact — to 700.417 million to be exact. They have increased \$102 million or 17 per cent since the agreement was signed. You cannot say, and jump up and down with joy, that we told you so — free trade would be bad for us — when we have increased our trade on value added products with the United States by 17 per cent since the agreement was signed.

Now by value added exports, we mean everything that is sold from Saskatchewan to the United States with the

exception of sales through the Canadian Wheat Board — sales of uranium, sales of oil, sales of potash. So this is not raw resources that we have increased our sales in, this is value added. Processed and manufactured products have increased from Saskatchewan by 17 per cent in the first year of the free trade agreement.

How can you say that free trade is bad for Saskatchewan? How can you say that we should revoke \$102 million of our business in this province? Our people in this province cannot afford to lose \$102 million worth of trade to the United States because you are ideologically bound against trading with the United States. You are ideologically bound against Americans doing business in Canada or Canadians doing business in the United States. You are ideologically bound against accepting U.S. dollars in exchange for our products.

Why are you against the free trade agreement when it has given us 17 per cent improvement in the first year? — because it's your ideology? I'm saying put that aside, accept the facts that we are a trading province and we need open markets to trade in. We cannot trade in the United States if we don't have access to that market. So accept that, or tell us what logical reason you might have for being opposed to trading with the United States.

Mr. Mitchell: — Minister, Minister, where were you during the entire free trade debate? I mean that you as a minister of the Crown should stand up and make the statement that you've just made, suggesting for a moment that it is our position that we shouldn't trade with the United States or that we're opposed to trade with the United States is not true. It is not true at all. And I'm surprised that you don't know that, Minister. I'm surprised that you would make statements such as that we were ideologically bound against trade or biased against trade with the United States.

We want to trade with anybody who will trade with us. We think it a mistake in this world that we're living in now, considering the geopolitical situation in the world, to put so many of our eggs in one basket. So we would have preferred diversification. We would have preferred an emphasis of trade into other parts of the world while continuing to trade with our closest neighbour. We're not trying to cut off trade or to reduce trade with the United States. We're trying to expand trade with all countries.

Now you say that you gave me some numbers with respect to the operation of the free trade agreement in Saskatchewan and I'd like to see those numbers, Minister. I wonder if you could send those numbers across to me so that I could see what they are? And I hope that the document has the source of the numbers on it so that I can study them in some detail. Because I would be very, very surprised if, as a result of the free trade agreement, the value of Saskatchewan exports to the United States increased at all — increased at all, Minister.

It may be that we're selling more hogs into the United States than we were in spite of the countervail. It may be that we're selling more cattle into the United States. But you know and I know that the duties on cattle were not affected by the free trade agreement and the duties on most pork products were not affected at all — and those

that were only by pennies.

So I'd like to see your numbers of your value added numbers as you say, and do some analysis on them because as far as we can determine, so far as we can determine, the free trade agreement has been a complete bust everywhere in Canada — everywhere in Canada.

And the numbers from Ontario that I referred to in question period today, the numbers from all across Canada indicate that 165,000 jobs in manufacturing went somewhere, disappeared, vanished. And the speculation is that a lot of them, a lot of them were as a result of changes that were forced on Canada by the free trade agreement.

Now I want to get back . . . this question of subsidies and our approach to these subsidy negotiations, I find really, really frustrating. I asked your predecessor in this House last year about this subject and he answered in terms very similar to yours. You know, oh we're being consulted and we're going to meetings and we're talking to the minister and we're putting in our input.

Minister, these subsidy negotiations under the free trade agreement are just absolutely crucial for the future of very large segments of western agriculture, for the very large proportion of Saskatchewan agriculture. And these subsidy negotiations are absolutely crucial. And if we were the government, Minister, if we were the government, Mr. Minister, and someone on this side of the House is sitting in your chair, then those subsidy negotiations would have an absolute first-line priority in your department.

And I don't get any sense at all, Minister, that you share that view. I didn't get the sense that your predecessor, Mr. Andrew, shared that view, and I don't get any sense that you realize the urgency of that subject matter. You just seem content to sit back and let somebody in Ottawa do it — the B team, as I say, deal with this question of subsidies.

Now we're not talking here about the GATT negotiations that you referred to, where you're going to send some representatives over to Geneva or elsewhere in Europe to attend the next round of GATT negotiations, try to get an agreement before the end of the present year. That's a different subject. That deals with subsidies, agricultural subsidies, on an international scale and how that whole regime will fit under the GATT umbrella.

What I'm talking about here are the level of subsidies that refer to in the free trade agreement and the discussions that were to take place under that agreement over a period of seven years between Canada and the United States, to put some definition on this question of subsidies — to try and define what is a subsidy, and to try and determine which subsidies are subject to countervail and which are not.

And it's very complex, very difficult matter, and the Americans are prepared for those negotiations and they're ready and they're hard-nosed as they can possibly be. As you observed yourself, they are after our marketing boards. They're after particularly the Canadian Wheat

Board. And they're after a lot of other agricultural programs. And you know yourself, Minister, from your study of just the American decisions with respect to the countervail on hogs, that they understand nothing about our so-called subsidy programs.

They will look at a program in Canada that you and I know is not a subsidy at all. But they apply their own particular perspective to that situation and their own particular logic and their own particular ideology, and they extract from that situation a subsidy. They decide there is a subsidy being paid in Canada and they countervail against it.

And you and I sit up here and fret and fume and worry and say, that's not fair, and there isn't a thing we can do about it. Now that question of whether or not what's happening here is a subsidy is the precise question that's being addressed in these discussions under the free trade agreement. And I find your answer very disturbing because I get no sense from your answer that it's a priority in your department. You should have hard, thorough, comprehensive studies underway and position papers well-reasoned and get those down to Ottawa and get your people down to Ottawa and meet with this team of negotiators and make sure that they understand the importance of these things to the fabric of life in our province.

These aren't just some kind of academic questions or little trade-offs that you can make with your American friends. These are questions that strike right at the root of agriculture in this province and the future of our agricultural industry — indeed, Minister, the future of our province. And I can think of, I really can think of nothing on your agenda, the agenda of your department or the agenda of your government, that should have a higher priority than these subsidy discussions under the free trade agreement.

Now please, Minister, stand in your place and tell me I'm wrong. Tell me that you got the situation under control because you really recognize that it is a priority, and you really have dedicated the resources to this subject that I insist you have to dedicate to it and that we in Saskatchewan can feel secure that the federal government in Ottawa is actually going to negotiate this thing in such a way that Saskatchewan agriculture will survive.

I don't have any confidence that that's happening at all. Now would you comment on that, Minister.

Hon. Mr. Schmidt: — I don't think anybody in Saskatchewan, Mr. Chairman, would doubt that both the Premier of this government, that the Premier will and has always stood up for trade rights for the province of Saskatchewan. You will see both the Premier and myself take an active role in trying to resolve the trade wars with respect to grain that are now being negotiated in GATT. You will see the Premier and myself involved at all levels. And I told you I just came back from Ottawa from a meeting three weeks ago, where I made a very strong position with respect to what Saskatchewan has to say on the rules of trade. Ottawa understands this. Saskatchewan is a very large earner of foreign exchange for Canada, and

Ottawa needs the cash that Saskatchewan generates in foreign trade — in grain, in cattle, in pork, in other products, and now also in \$700 million a year in value added products.

We are taking a strong stand on the free trade agreement with respect to the federal government position. Mr. Crosbie is very open to listening to Saskatchewan's position and advancing it, and has agreed that the federal position and the Saskatchewan position on agriculture are similar. And that position will be advanced by our federal government on our behalf and we will be there.

(1700)

And I plan to go to Brussels with Mr. Crosbie. The Premier may go there if necessary, to work out these problems at GATT. The United States is directing the agricultural subsidy problem arguments at the GATT negotiations. They believe they should be solved world-wide rather than just between Canada and the United States. For the most part, Canada and the United States do not export or import food to each other, other than vegetables and pork, but not the quantities that we export to other parts of the world from Saskatchewan and from western Canada.

So we will take a very strong stand in favour of our farmers being able to trade freely in a world-wide economy. It is going to be a difficult negotiation. It has been difficult for five years since the Uruguay round started. It will conclude at the end of this year and we will try, with Canada, to make as much progress as possible, to make whatever progress can be made to end the grain war in which our farmers are front-line victims.

Mr. Chairman: — Being past 5 o'clock, the 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.