

July 22, 1992

The Assembly met at 1:30 p.m.

Prayers

ROUTINE PROCEEDINGS

INTRODUCTION OF GUESTS

Mr. Van Mulligen: — Thank you, Mr. Speaker. Mr. Speaker, it's my pleasure to introduce to you and through you to the members, a group of 22 young people who are here as part of the Voyageurs Canada 92 youth travel exchange program. It's my understanding that these people are here from . . . these young people are here from the constituency of Toronto Etobicoke which is represented by Michael Wilson, and they're here to visit the federal constituency of Regina Wascana.

They're accompanied by their chaperons, Irene Crumley and Anne Skoberg, and they're seated in the Speaker's gallery. And I ask all members of the Assembly to join with me to wish these people a warm Saskatchewan welcome.

Hon. Members: Hear, hear!

Mr. Kluz: — Thank you, Mr. Speaker. I would like to introduce to you and through you to all members of this Assembly, two very good personal friends of mine, Grant and Llona Sundholm from Rose Valley, that are seated in the west gallery. They are very politically minded and very politically active people. And I ask all members of the Assembly to greet these good people here today.

Hon. Members: Hear, hear!

Mr. Trew: — Thank you, Mr. Speaker. Today it's my pleasure on behalf of my colleague, the member from Regina Wascana, to introduce to you 14 people seated in your gallery. These include 13 students of English as a second language, and they're accompanied by their teacher, Elsa Turek. I trust that our visitors will enjoy the proceedings here today. And I want to, on behalf of my colleague, the member from Regina Wascana, wish them all the best in their studies as they continue on in their life in Saskatchewan. And I ask all members to join me in welcoming these guests today.

Hon. Members: Hear, hear!

Hon. Mr. Wiens: — Mr. Speaker, I ask all the members to join me in welcoming in your west gallery the director of organization and education for the National Farmers Union, Ken Imhoff, a person who has worked very hard and long on behalf of farmers in Saskatchewan and co-operatively with the government. And I welcome you here and ask other members to join in welcoming Ken.

Hon. Members: Hear, hear!

Hon. Mr. Lingenfelter: — Mr. Speaker, I want to introduce to you and through you to members of the Assembly a friend and a former fellow student from the University of Saskatchewan, now at Sheraton Park with Atomic Energy of Canada, Dennis Bredhal who's seated in the Speaker's gallery. Mr. Bredhal is out on holidays

visiting friends and relatives down in the Shaunavon area where we grew up together north of Shaunavon. I'd like Dennis to stand and be recognized and wish him a good holiday back in the province.

Hon. Members: Hear, hear!

STATEMENTS BY MEMBERS

Mr. Hagel: — Well, Mr. Speaker, this is day 4 of the new legislature, the fourth day since this House has been given back to the people and their representatives, the duly elected Government of Saskatchewan.

In the four days since control of this Chamber was handed back to the people, six Bills have been given third reading and two others second reading. And soon we will be able to conclude our estimates and pass in this House for the first time in more than two years, a provincial budget.

Some Hon. Members: Hear, hear!

Mr. Hagel: — And now the government can continue its work, its four-year mission to cut waste, to rebuild the economy, and restore confidence in the province. Yes, Mr. Speaker, we are boldly going where the previous government had not gone before.

And there sits the former government, Mr. Speaker, refusing to accept responsibility for their self-induced fate. Mr. Speaker, they are like a pirate going down with his ship who refuses to accept the inevitable and instead issues the order, take no prisoners. Well, Mr. Speaker, piratization is now on its way to joining the Titanic.

Some Hon. Members: Hear, hear!

Ms. Haverstock: — Thank you, Mr. Speaker. In the months that I've spent in this legislature, I've listened to many speak on a variety of issues. There are some points upon which we agree, some upon which we will never agree. It has become clear, however, that there are certain issues which deserve the full attention of all elected members, rural and urban.

Agriculture is one of them. When there is a farm trek to Ottawa to raise awareness about the Saskatchewan farm crisis, politics should not be a factor. I was pleased to join with farmers and some members of this government at my own expense to lend support to their pleas. And I was disappointed that the Leader of the Opposition was not interested in supporting farmers if the spotlight shone elsewhere.

Today, Mr. Premier, and members of this Assembly, I would like to show my support for the farmers of this province once again and for the attempts being made to negotiate for a portion of the tax dollars we pay federally to be allocated to the drought relief program for Saskatchewan. I call upon the Leader of the Official Opposition and his caucus to offer their support as well.

In closing, I would like to table my letter to the Prime Minister, supporting the Premier's request for support of the third line of defence.

Some Hon. Members: Hear, hear!

Ms. Lorje: — Thank you, Mr. Speaker. I'm pleased to inform the House of various successes resulting from this government's economic development initiatives. The Department of Economic Development reports that new capital investment in manufacturing has increased. And in fact during the past year, it worked with 21 companies that completed new industrial projects resulting in \$230 million in new investment; the creation of 500 new jobs; and the retention of 300 existing jobs. Other successful initiatives include jobs in northern Saskatchewan; promotion of exports sales; and a growing interest by entrepreneurs in establishing small businesses.

Mr. Speaker, a number of business organizations and publications have already made note of the dramatic change in direction that came with the change in government. An example is the cover story in the June edition of *World Business Magazine* entitled "Saskatchewan Fights Back". The article told about the economic shambles in Saskatchewan resulting from 10 years of misfortune and mismanagement, and the provincial NDP (New Democratic Party) government leadership that is beginning to turn it around.

Recently media reports showed that the Canadian Imperial Bank of Commerce predicting that Saskatchewan will lead most provinces in economic growth in 1993. I commend the Minister of Economic Development and look forward to continued progress in the economic recovery of our province and our communities. Thank you.

Some Hon. Members: Hear, hear!

Mr. Roy: — Thank you very much, Mr. Speaker, and fellow members of the legislature. Mr. Speaker, today on the east side of my constituency there is a significant event taking place. The communities of Beatty, Kinistino, and Weldon will be signing water supply agreements with the Saskatchewan Water Corporation.

These agreements will provide treated water for these communities through a 150 to 200 millimetre diameter pipeline which will be approximately 40 kilometres long. These communities have experienced severe water quality and quantity problems over the past number of years. The addition of this pipeline will provide a dependable source of quality water to the area.

Mr. Speaker, these works will become part of the Melfort regional water supply system which was agreed to earlier, and currently is under construction. This system involves pumping water from the Codette Lake to Melfort where an upgraded treatment facility will process supplies for Melfort and surrounding communities.

The Melfort to Weldon pipeline is estimated to cost \$20 million and is financed by the Saskatchewan Water Corporation. Construction on the pipeline is scheduled to start in May 1993 and be completed by the fall of that year. This project will make sure current and future needs are met.

Mr. Speaker, I want to commend the Government of Saskatchewan and Saskatchewan Water Corporation for proceeding with this project. It is further proof that this government through its agencies is committed to rural communities and its residents. This project will provide stability and also enable these . . .

The Speaker: — Order. The member's time has elapsed.

Some Hon. Members: Hear, hear!

Mr. Anguish: — Thank you, Mr. Speaker. There's nothing more devastating or terrifying than a major fire, and on Monday night in North Battleford, fire destroyed Hunters Trailer & Marine, one of the most established and important businesses in the city, as well as one of the largest retailers in Saskatchewan. The fire caused about \$10 million in damages and has left the city, its employees, and the business community rather shaken.

While we're upset at the fact and worried about the consequences, we can be thankful that no one was seriously injured in what could have been a major catastrophe. Some firefighters were actually hospitalized from smoke inhalation, but reports are that they are recovering well.

We should all join in praising the work of the firefighters in bringing the fire under control. In their job bravery is a matter of course and injury a constant presence.

Understandably, the 65 employees are concerned about their future. I am pleased that the company officials have announced plans to reopen and that they will be back in business as soon as Saturday.

Mr. Speaker, set-backs happen. When they do, we can all lower our heads and give up or we can pick up our losses and carry on. In Saskatchewan we know something of adversity and rising above it. I'm hopeful the people of North Battleford, the employees and the officials at Hunters Trailer & Marine, will rise out of the ashes and make our community even stronger.

Some Hon. Members: Hear, hear!

Mr. Serby: — Thank you very much, Mr. Speaker. I rise today to express my pleasure in being a Saskatchewan citizen because Saskatchewan is a great place to live.

Mr. Speaker, there has been a lot of well-deserved attention lately in the United Nations survey which places Canada as the number one place in the world in which we live. Today, Mr. Speaker, I would like to draw this Assembly's attention to how Saskatchewan fits into this bigger picture.

Mr. Speaker, the report indicates that Saskatchewan is one of the least expensive provinces which we live in in Canada. While our taxes are higher than some other provinces, those taxes have gone to provide low-cost services in health, utilities, and insurances. When all factors are considered together, Statistics Canada has shown that Saskatchewan people get a good deal for the total cost of living here. The reason being, Mr. Speaker, is that this province relies on co-operation. When we all

help each other, together we succeed.

That helping spirit was put into action by provincial governments — the Douglas government, for example — when public utilities were planned and implemented in major ways in the '40s and '50s, and we will continue to advance that through our government.

This is a view of the world, Mr. Speaker, that is important to Saskatchewan people. It's part of our history and was necessary for the survival and growth of our communities.

Mr. Speaker, I'm confident that Saskatchewan will continue to be one of the best places in Canada to live because our government understands, as does our society in Saskatchewan understand . . .

The Speaker: — Order, order. The member's time has elapsed.

Some Hon. Members: Hear, hear!

Mr. Devine: — To the members of the legislature and the public, we know it has been five sitting days since the new-found Democrats have done their best to stifle any official opposition in the province of Saskatchewan.

And why, Mr. Speaker? Because in two weeks when the NDP decide it's time to win their court case and to take hundreds of millions of dollars out of the pockets of farmers, they can introduce their retroactive GRIP (gross revenue insurance program) Bill. Even though contracts with Saskatchewan families will be broken and the livelihoods of thousands depend upon honouring GRIP '91, the new-found Democrats don't care.

And today the editorials are coming out condemning the government for this. In Estevan today, it simply says this:

Romanow simply wants no part of this controversy, and for good reason. He realizes the NDP is in an incredibly difficult situation and basically doesn't have a leg to stand on.

He goes on to say, and it goes on to say:

No matter how you look at this situation, it's a mess. Obviously the NDP's hands are not clean . . .

We see the NDP government now on a second and third and fourth wave of Draconian legislation. Look at the labour legislation they're about to introduce and force by this legislature. Look what they're doing in Ontario at the same time. Look at what they're doing with respect to going into the homes of businesses, going into homes of people . . .

The Speaker: — Order. The member's time has elapsed. Order.

ORAL QUESTIONS

Changes to GRIP

Mr. Devine: — Mr. Speaker, my question is to the Premier. Mr. Premier, in the news yesterday and in the media today and in the newspapers — and I quote the *Star-Phoenix*: Saskatchewan farmers have lost up to \$40 an acre in GRIP coverage because of the NDP changes to the 1991 GRIP.

Mr. Premier, in the event that we have in the neighbourhood of a third of our acres affected by drought and up to \$40 an acre, you're looking at in the neighbourhood 5, 6, 7, up to \$800 million farmers could lose as a result of your initiative in changing GRIP.

Don't you believe, Mr. Premier, that when you were warned that your program would not be good in cases of drought, that you should now admit that you, sir, have taken hundreds of millions of dollars out of the hands of Saskatchewan farmers in the event of drought?

Some Hon. Members: Hear, hear!

Hon. Mr. Romanow: — Thank you, Mr. Speaker. I thank the Leader of the Opposition for that question. The answer to the Leader of the Opposition is one that I know he fully understands.

At the time when he was the minister of Agriculture in 1990, the federal and provincial governments agreed that a third line of defence would be needed for, among other things, such circumstances as we face now. They quote a 1990s report that the Canadian crop drought assistance program is exactly the kind of a program to which special relief needs to be . . . and special assistance needs to be provided from time to time under the third line of defence.

This is the circumstance that we are appealing to the federal government. We say that the federal government should make the '90-91 third line of defence payment good, and secondly, they should develop a permanent crop disaster program, particularly for this year but for the future. That's what we're speaking to, and we're still hoping for a favourable response from the Prime Minister.

Some Hon. Members: Hear, hear!

Mr. Devine: — Mr. Premier, in the correspondence released yesterday by the federal Minister of Agriculture, he clearly warned the NDP government that if you change GRIP in this way, you're going to be short of money in the cases of drought. And he clearly laid that out. Because Saskatchewan's program is different than Manitoba's and Alberta's. So you have short-changed Saskatchewan farmers and you were warned in the case of drought there wouldn't be the money in the Saskatchewan program because you changed it.

Now secondly, you have to admit — and I'm going to ask you — will you now admit that Saskatchewan farmers under a national program are getting less than their Alberta and Manitoba counterparts because you made this dramatic change here in the province of Saskatchewan?

Some Hon. Members: Hear, hear!

Hon. Mr. Wiens: — Mr. Speaker, the member opposite was party to the development of a slapped-together program that did not meet the needs of farmers and continues not to meet the needs of farmers. The design features that the member opposite refers to would cost the producers in the long run and in the short run more money in premiums.

The member opposite knows that the accumulated deficits from a program ill-conceived as the one he designed become part of the premium base that not only the province has to bear but the farmers have to bear. And we moved to change a program that could not survive in the long run because of the very serious misdesign of it, and we know that that will be the direction which sound farm programs will go in the future.

Some Hon. Members: Hear, hear!

Mr. Devine: — Mr. Premier, I'm sure you see the logic of the farmers' argument saying, well gosh, if the NDP were warned that there would be poor drought coverage and they also figured out that we won't have the same amount of money going into Alberta and Manitoba's farm pockets and then even if there's a third line of defence, which was your first response, obviously Manitoba and Alberta will get third line of defence on top of better coverage.

Any way we shake it, the NDP administration in Saskatchewan has caused farmers to receive less under a national program. Wouldn't the Premier agree that he struck our three times? Because he has not got the coverage, he will not get the kind of protection that neighbours get, and now even under third line of defence, you get less than other provinces and people in other provinces because you unilaterally made the change.

Some Hon. Members: Hear, hear!

Hon. Mr. Romanow: — Mr. Speaker, the Minister of Agriculture has given the explanation to the former minister of Agriculture about the rationale for the changes of GRIP and I will not repeat that because he has outlined this to this House and to the farmers over and over again.

What's at issue here, Mr. Speaker, are two things. First of all the third line of defence payment for 1990-91, which is left owing by Ottawa to the farmers of this province and to the farmers of Canada, we say that the farmers of Saskatchewan amongst other farmers, but for this province, need that cash flow now and Ottawa should pony up on its commitment.

The second thing that we're saying is that there needs to be a crop disaster plan in place to take care of circumstances not only what might happen this year in Saskatchewan — we don't know yet for sure — but down the road, a crop disaster plan contemplated by the 1990 ministers of Agriculture proposal.

I say to the Leader of the Opposition, rather than defending the Ottawa government, he should be on the side of the provincial government in urging these two payments to be made by Ottawa.

Some Hon. Members: Hear, hear!

Mr. Devine: — Mr. Premier, we're on the side of farmers. Farmers in Saskatchewan, Mr. Premier, are going to get less money than they do in Alberta or Manitoba. And even if there's a third line of defence, they're still going to get less money. So even if your best dream came true and the feds said, all right there's more third money, it's a national program, but where are they short-changed? They're short-changed only in Saskatchewan.

So the question that is coming forward is why won't you now live up to some responsibility to make sure that you can lever the \$200 million that would come out of an insurance program so that farmers could get the \$40 an acre that they expected? They bought and paid for that and only in Saskatchewan will they not get it. And even if you were lucky you're going to find that if farmers across the country receive the third line of defence, only in the NDP Saskatchewan do farmers get it in the ear as a result of unilateral policy decisions.

Some Hon. Members: Hear, hear!

Hon. Mr. Romanow: — Well, Mr. Speaker, I don't know if there was a question mark at the end of that statement made by the Leader of the Opposition, but I'll assume that there is a question mark there. And I simply say to the Leader of the Opposition, when the official opposition had a chance in this legislature to demonstrate its commitment to the farmers of Saskatchewan, it voted against the motion in support of the third line of defence.

Some Hon. Members: Hear, hear!

Hon. Mr. Romanow: — In this House, this vote was taken and you, sir, as the Leader of the Opposition voted against it. And I say to the Leader of the Opposition and to the Conservative opposition there, this is a time to try to put the partisanship aside. We have got a problem and there is time for assistance now . . .

The Speaker: — Order, order. Order, order. Could we please have some order in the House.

Hon. Mr. Romanow: — Thank you, Mr. Speaker. I just will finish off by saying, Mr. Speaker, that this is a situation which begs for the Leader of the Opposition and the official opposition to join in the united stance requesting Ottawa to give assistance to our farmers on the third line of defence, as the motion was contemplated — and you voted against it, but you voted against the motion — and on a crop disaster program which we say is needed and we want your support in this sense.

Some Hon. Members: Hear, hear!

Mr. Devine: — Mr. Premier, you have been telling us, and your Minister of Finance, saying that you know that you have to manage funds. What if an RM (rural municipality) came to you and said: we're opting out of a program; we can't cover it because we don't have any money. Will the province pick up our fair share?

Do you know what you would say to them? Well I am a provincial government; I'd have to do the same for all RMs. Well that's what the federal government says. If you

opt out of a program, how can the federal government come in and back-fill just in Saskatchewan? Don't you think the Alberta Finance minister would say hey, I'm opting out too? Manitoba would say hey, I'm opting out because the feds are going to back-fill.

How can you expect to get money from the federal government when you opt out of a program and then say, we're going to have a national program, only Saskatchewan gets more money than other provinces. How do you explain that? Would you kind of clarify your position how you expect farmers to get more money than their neighbours in other provinces even with a third line of defence?

Some Hon. Members: Hear, hear!

Hon. Mr. Romanow: — Mr. Speaker, I'm afraid to say that the Leader of the Opposition's words speak louder than his actions did in defence and in support of the farmers of Saskatchewan. The loud rhetoric that the Leader of the Opposition gives us today is not matched by the fact that he signed the province of Saskatchewan on to a costly program of GRIP which was not properly based.

And his rhetoric and his question does not acknowledge the fact that on the changes in 1992 the federal government said that they would move those changes forward when the prerequisite number of provinces also agreed to them and they have been reached, the seven that have done so. That is our position.

We think that the program on GRIP changes are the directions which should take place. We think it's a better plan. It's been done on the recommendations of an advisory committee which is largely the committee which advised you, sir, in the initial program. Now that is the situation.

But today we're talking about a crop disaster program, a relief program which is surely the responsibility of Ottawa. Every provincial premier and every prime minister said that we need this money. Everybody in this legislature except you, sir, are saying that. And I say, join on side to the defence of the farmers of Saskatchewan.

Some Hon. Members: Hear, hear!

The Speaker: — Order. Before I accept the next question, I just want to warn members I will simply not tolerate the interference on both sides when the question is asked or when the answer is given.

Mr. Devine: — Mr. Premier, I'll try to say that . . . and speak on behalf of farmers who are looking at a disaster of \$40 an acre that was in their old program that they bought and paid for. They paid good money and they had a contract and it was a national program. It was the federal government, the provincial government, and farmers, who signed on a contract. And they said, you know, I'm going to have to buy good insurance because I can't afford a drought. And you say, but we can't afford to buy good insurance. Farmers bought that insurance because the benefit on this year on 20 million acres would be \$800 million prize. And you say, we can't afford 20 million or 31 million.

Look at what you might get for that insurance policy. It's an insurance mechanism. And you won't let them participate in Saskatchewan like they do in Alberta and Manitoba and across Canada because it's a national program. Only in Saskatchewan . . .

The Speaker: — Order, order. Could the Leader of the Opposition please put his question.

Mr. Devine: — Mr. Premier, do you understand that only Saskatchewan farmers are going to lose hundreds of millions of dollars as a result of the fact that you unilaterally changed their contract? And this is a national program. You can't expect a national government to make exceptions for provincial . . . province. You must understand that.

Hon. Mr. Romanow: — Mr. Speaker, again it's difficult to sift through the rhetoric to find a question in this matter from the Leader of the Opposition, but I'll try to discern what I can get out of this. I will again repeat and re-endorse what the Minister of Agriculture said about the changes to GRIP '91.

These changes were made on the recommendation of an advisory committee which largely, sir, is the same committee that advised you. These changes were made also when the federal government agreed to move them along when the seven other provincial governments agreed. That is the situation. We've given you the rationale.

But we're talking about a program here which is designed to meet the shortfall of farmers now, separate and apart from GRIP. We're talking about the third line of defence for 1990-91. We're talking about a crop disaster program which is contemplated by the very ministers of Agriculture committee that you're on in 1990. The assistance is needed; it's needed separate from the changes that may or may not be made to GRIP.

And I say to the Leader of the Opposition, instead of being critical of us, and instead of being critical of the fact that we're trying to fight for the farmers, get on side and join us — join us. Because frankly, the way you left the provincial treasury leaves this province with very little option and running room but to do what we've done and to proceed the way that we're proceeding.

Some Hon. Members: Hear, hear!

Mr. Devine: — We're just going to make it clear, so that everybody knows, that number one, the committee and Professor Furtan will tell you that under a drought situation the '92 GRIP is a disaster. And that's confirmed. Everybody knows that. And he says it; you know it. And farmers . . . It's a disaster because there isn't the coverage here.

Secondly, you know, Mr. Premier, that it was forecast that only in Saskatchewan would you have this shortfall and that you would be less than Alberta and less than Manitoba. So you're leaving hundreds of millions of dollars in Ottawa because you won't participate. And people told you that would happen. So you're saying,

whoop, we don't care. We're going to change the contract. So I'm just reminding you, Mr. Premier, that you're going to have to explain.

Our farmers are out when Manitoba and Alberta people aren't. And even under a national program of third line of defence, we don't get as much money. And third, you were told by Hartley Furtan and others that under crop insurance '92 a drought is a disaster. And we are experiencing . . .

The Speaker: — Order, order, order. Order. Does the Leader of the Opposition have a question? I would ask him to put his question right now, directly.

Mr. Devine: — Will the Premier acknowledge that he has isolated Saskatchewan farmers in a national program so they could potentially lose \$40 an acre. And you can find the acres after the harvest is in, but it's up to \$800 million. Will he confirm that Saskatchewan farmers are put in that predicament, even if there is a third line of . . .

The Speaker: — Order, order.

Some Hon. Members: Hear, hear!

Hon. Mr. Romanow: — Mr. Speaker, what I will say to the Leader of the Opposition, if there is anyone isolated it is him and his Conservative caucus on this issue.

Some Hon. Members: Hear, hear!

Hon. Mr. Romanow: — They are isolated because the farmers of this province know the financial situation that they face themselves firsthand. They know the financial situation that we have as a government, thanks to your 10 years nearly of administration, and they know that it is an obligation of the national government, the national government, to help out provinces in this kind of a circumstance.

Your principle, sir, was not applied when it came to bail out the fishermen in the cod crisis in Newfoundland. It was not done. It was assumed as a national responsibility. And yet you're standing on your feet and you're urging Mr. McKnight that the farmers should be forking more out of their money personally, that the farmers should be forking more out in terms of tax dollars in order to get the assistance. I say to you, sir, shame. Stand up for the farmers and stand up for this Legislative Assembly's attempt to get support from Ottawa for a national crisis. You're the one who's isolated.

Some Hon. Members: Hear, hear!

Ms. Haverstock: — Thank you. Supplementary, Mr. Speaker. Would the Premier entertain a supplementary question? Will you consider putting a small delegation together, including the three leaders of the parties in this province, to go to Ottawa in search of drought relief from the Prime Minister?

Hon. Mr. Romanow: — Mr. Speaker, I want to think about the suggestion, and if the idea has merit — I think it might have merit — we could pursue it. Obviously I don't want to make a quick response to this for a number

reasons. But whatever could be done would I think be very important.

We did go to Ottawa. You were there in November, and perhaps there has some merit in this. I'd like to think about it.

Mr. Devine: — Mr. Premier, in the P.A. (Prince Albert) *Herald* you're quoted as saying that the GRIP and NISA (net income stabilization account) legislation don't require more tax money. And I'm paraphrasing, but I'll get you the quote. P.A. *Herald*, 1990, you said no new taxes are necessary to fund the GRIP and NISA programs. And you campaigned, Mr. Premier, on no new taxes. And farmers said, I think he's even going to give me the cost of production.

Well under that situation when today Saskatchewan farmers are being isolated and under a national program, no they can't get more than anybody else. And knowing that you said there was enough money in Crop Insurance Corporation to pay premiums and that it is designed for that, can't you today, Mr. Premier, realize that Saskatchewan farmers are going to be isolated and cannot conceivably get extra money coming into Saskatchewan that wouldn't go into Alberta and Manitoba. Can you figure that out, Mr. Premier?

Hon. Mr. Romanow: — Well, Mr. Speaker, again I don't want to be disrespectful but I do say that I cannot figure out the question, except that the former premier seems to be arguing that our position in the *Prince Albert Daily Herald* was that we could finance GRIP changes without any additional tax increases.

I want to tell the Leader of the Opposition what I've been telling him and the people of Saskatchewan ever since we assumed office. I say two things to him: I received a letter just before the campaign started . . . just after the campaign started from your minister of Finance, who in direct response from me to him, asking for a statement of the province's finances, told us that the budget was on track and on estimate of \$250 million.

It was only after we opened up the books, sir, that we found that the deficit was \$900 million, and the cumulative debt of the province of Saskatchewan is \$14 billion. If you had told the people of Saskatchewan, including the farmers, the truth prior to the election, there wouldn't have been one of you re-elected.

Some Hon. Members: Hear, hear!

Mr. Devine: — If the NDP leader had told the truth, he wouldn't be as elected and he'd be sitting some place else as he was in 1982.

You told the farmers that you would back them up and you would give them the cost of production. And now when you have a bit of a drought, you run and hide and you change legislation retroactively. You cause the rules to be changed. And we're going to be out several hundred million dollars only in Saskatchewan because of your sham and your falsehoods at election time when you said, no new taxes; in fact we can cut taxes.

You'd promised farmers that you would be there over and over and over again. You went to rallies with tens of thousands of people. You said you'd be there. And then when the crunch comes, no money from Ottawa, not a dime from Saskatchewan, and you've retroactively changed their contracts . . .

The Speaker: — Order, order. Order. This is question period. I'd ask the Leader of the Opposition, please put his question. Okay? Let's have the question.

Mr. Devine: — Mr. Premier, in the Saskatoon *Star-Phoenix* it says, and I quote from ministers, federal and provincial, that it would be \$24 million from the Government of Saskatchewan could lever hundreds of millions of dollars in a national program.

Will you reconsider your share of the premium so that in fact farmers can have access to hundreds of millions of dollars as a result of drought in the province of Saskatchewan?

Some Hon. Members: Hear, hear!

Hon. Mr. Romanow: — Mr. Speaker, the Leader of the Opposition fails to understand, by the request that he makes, that at the end of the day, the dollars which are advanced by the provincial treasury come from the farmers of the province of Saskatchewan together with the rest of the taxpayers. And he doesn't understand apparently, that at the end of the day the farmers are in a cash crunch, a financial crunch, where asking the provincial government to put in money in this circumstance is, in the words of my colleague, the Minister of Agriculture, like giving ourselves a blood transfusion when we're bleeding to death.

Does not the Leader of the Opposition understand, Mr. Speaker, that since 1990 the percentage of provincial share for federal-provincial agricultural programs has risen from zero to 41 per cent, and the federal share has fallen from 100 per cent to 59 per cent? And does he not understand that the premiers of this country all unanimously agreed, together with the Prime Minister, that in these circumstances the money should come from Ottawa, not from those provinces which are affected?

I say to the Leader of the Opposition, please don't isolate yourself. Come to the support of the farmers of Saskatchewan with the right policy.

Some Hon. Members: Hear, hear!

Return of Leased Lands

Mr. Goohsen: — My question is to the Premier, in the light of the fact the Rural Development minister was less than forthcoming yesterday. Mr. Premier, your NDP candidate in the past provincial election, the defeated NDP candidate from Maple Creek, Mr. Brian Oster, has recently turned back to the Department of Rural Development a parcel of land bank land which he was leasing from your government.

Now, Mr. Premier, turning back leased land generally means that an individual was unable to meet contractual

obligations. Can you confirm that the reason Mr. Oster turned the land back to Rural Development was due to missed payments?

Hon. Mr. Cunningham: — Mr. Speaker, the individual in question did turn back the land, the circumstances of which are certainly not something for public consumption. The member opposite well knows that individual files are not . . . People's bills, and unpaid or otherwise, are not for public consumption.

Some Hon. Members: Hear, hear!

Mr. Goohsen: — As no information has been provided to us by the department, and as a result of that, I am asking that you supply it now. It is public money and the public has a right to know where the money has gone.

Mr. Premier, can you confirm that? In turning back this leased land to the Department of Rural Development, Mr. Oster was paid by the department for what was thought to be improvements to the buildings that were on that land. And can you tell me how much was paid to Mr. Oster?

Hon. Mr. Cunningham: — Mr. Speaker, I can assure the members opposite that no public money was lost in the transaction, if that's of interest to him. Mr. Speaker, the individual was paid for his improvements as is the policy of all lessees who turn back their leases. The improvements that they make to those that are . . . Their improvements are paid for by the department and are done in all cases. This was done in a standard manner. It was done by the department, assessed, and he was paid as other people are. The members opposite may have been in the habit of . . .

The Speaker: — Order.

MINISTERIAL STATEMENTS

National Farm Safety Week

Hon. Mr. Wiens: — Mr. Speaker, I rise this afternoon to report on the steps my government is taking to address a serious issue which affects many of our citizens. Our provincial economy and many of our citizens depend on agriculture for their livelihood. For many of our families farming is not just a job but a way of life. Yet this way of life is becoming increasingly dangerous.

There have been 72 accidental deaths on Saskatchewan farms in the past five years and there have been three farm fatalities already this year. In recognition of this, the week of July 25 to 31 has been declared National Farm Safety Week. I ask all members of this Assembly to join with me in showing our support for the people and programs which are working to address this serious concern.

Mr. Speaker, our government is currently studying the report developed by the farm safety advisory committee. This report recommended that the risk to farm people can be most effectively addressed by improved education and information programs. It is also recommended a permanent farm health and safety council be established to advise the Minister of Labour on farm, health, and safety programs, research needs, and regulation of the

farm industry.

Mr. Speaker, I am pleased to announce that a farm health and safety council will be established as a part of proposed amendments to The Occupational Health and Safety Act. Health and safety awareness are key to preventing farm accidents. The establishment of this council will assist us greatly in encouraging our farm families to develop safer work practices. Thank you, Mr. Speaker.

Some Hon. Members: Hear, hear!

(1415)

Mr. Martens: — Mr. Speaker, I'm pleased to discuss the issue of farm accidents and farm safety with the public of Saskatchewan. I know that it is a serious concern. We live in a time when a slight mishap can create devastation in a farm family, and I am completely aware of that. We have significant machinery and large machinery. We have livestock and different things like that that can increasingly cause the opportunity for almost irreparable harm to individuals on the farm.

And it is precisely in this way that many, many people who are hurt are the men in dealing with this. And it leaves a lot of the women who are the spouses of the farmers in a very, very serious position in relation to that.

So I am going to say just that, plus one other thing. That I think it's extremely important that the Minister of Agriculture, in reviewing this, also take into consideration that the acute care responsibility and emergency responsibility that we have in the rural Saskatchewan ought to be maintained so that we can prevent the calamity of fatalities during those periods of time of accidents occurring on farms.

And I hope, I hope with all of my internal being, that you, sir, allow those places like Beechy, Mankota, and all those other hospitals to remain open so we can treat those people who have been hurt in accidents across rural Saskatchewan so that we don't have fatalities besides having people hurt. Thank you, Mr. Speaker.

The Speaker: — Does the member from Saskatoon Greystone have leave to speak to this?

Leave granted.

Ms. Haverstock: — Thank you very much, Mr. Speaker, and members of the Assembly. I too wish to join with the minister and congratulate him on the decision to bring forward a farm health and safety council for occupational health and safety. I was very proud to have been employed with the Centre for Agricultural Medicine. And at this point, I would like to continue to congratulate them for the outstanding work that they do.

I also had the privilege of addressing the handicapped farmers of Saskatchewan on different occasions. They are indeed courageous people. And we need to be reminded that there are five times the numbers of accidents and injuries in farming than in any other occupation, including labour, in our nation.

Farming is not simply something to do. It's not simply something one does. It's a state of being. And I think that anything that we can do to ensure the safety of individuals in this extremely important field is going to be to the advantage of all of us. So I congratulate you.

BEFORE ORDERS OF THE DAY

Hon. Mr. Lingenfelter: — Mr. Speaker, I give notice I shall on Friday next move first reading of a Bill to amend The Labour Sponsored Venture Capital Corporations Act.

ORDERS OF THE DAY

GOVERNMENT ORDERS

SECOND READINGS

Bill No. 40 — An Act to amend The Highway Traffic Act

Hon. Mr. Wiens: — Mr. Speaker, I rise today to move second reading of An Act to amend The Highway Traffic Act. The Bill covers a number of areas requiring changes as a result of recent court decisions and to increase public safety on Saskatchewan highways.

With respect to seat-belts, the current seat-belt law requires seat-belts to be worn in a properly adjusted and securely fastened manner. An amendment is proposed to ensure that shoulder straps are worn over the shoulder. The wearing of shoulder straps in the proper manner prevents the head and vital parts of the chest from hitting a steering-wheel or dashboard. The strap spreads the impact over a greater part of the body.

An amendment is also proposed to match the description of child safety seats with those contained in other provincial legislation and federal government safety standards.

A third amendment allows cabinet to make regulations allowing small individuals, usually young children, to wear a shoulder strap behind their back when it would otherwise come across their face. Our intention is to have similar regulations as those in Ontario.

With respect to the exceeding of gross weight, the Bill before us makes it an offence to operate a vehicle in excess of 5,000 kilograms when the vehicle is registered by wheelbase. The amendment also makes it an offence for vehicles to operate with a weight in excess of that stated on a registration permit. Both changes result from advice from the government's legal advisors.

With respect to cross-referencing error, section 6 of the Bill corrects a cross-referencing error in the last set of amendments.

With respect to owner liability for violations of the Act or bylaws, Mr. Speaker, the current provision makes the registered owner of a vehicle and any person in charge of the vehicle's operation liable for violations unless they prove the vehicle was stolen. The courts have ruled this section may be unconstitutional as the owner or person in charge could go to jail for an offence committed by

another person. The Bill before us today will provide immunity from imprisonment for the registered owner or person in charge of operating the vehicle.

I am pleased to advise the Assembly, the Saskatchewan School Trustees Association has advised me of their support for this provision.

I can also tell hon. members, the car rental dealers have been in to see me and have told me they are satisfied with the intention of this provision. We told them they need only provide the name of a person leasing a vehicle to the police.

With respect to evidence from portable scales, Mr. Speaker, our enforcement staff have raised a concern relating to prosecutions for exceeding registered gross rate, prosecutions used as evidence, readings from portable and statutory weight scales . . . stationary weigh scales. The amendment specifically allows readings from these scales to be used. The use of evidence from portable scales was in the past called into doubt. The amendment ensures the continued use of this evidence. I will be pleased to answer any questions from hon. members in committee.

I now move second reading of An Act to amend The Highway Traffic Act. Thank you.

Mr. Toth: — Thank you, Mr. Speaker. Mr. Speaker, I've listened very . . .

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

Mr. Jess: — Mr. Speaker, I ask leave to introduce a guest.

The Speaker: — Before I recognize the member, the reason I didn't recognize you is that the rule says when the Speaker is on his feet a member shouldn't be on his feet, so I had to wait until I sat down. The member may proceed.

Leave granted.

INTRODUCTION OF GUESTS

Mr. Jess: — Thank you, Mr. Speaker. I would like to introduce Alex Strelloff, a friend of mine and a farmer and small-business man from Marcelin, Saskatchewan in the east gallery. And I would appreciate it if you would join with me in welcoming him.

Hon. Members: Hear, hear!

SECOND READINGS

Bill No. 40 (continued)

Mr. Toth: — Thank you, Mr. Speaker. I've listened intently to the comments by the minister. And certainly as an opposition we want to take a closer look at the Bill. I think we've already spoken . . . mentioned a few concerns we have regarding The Highway Traffic Act.

When it comes to seat-belt use, there's no doubt that seat-belts are protective pieces of equipment in a vehicle,

and we certainly are very well and soundly in favour of seat-belts.

I guess one argument that I've had over the years is the fact that government should have to legislate and even impose stiff fines for not wearing a seat-belt. But I think the value of seat-belts is very important. I think, from what I heard this afternoon, the fact, recognizing that an infant could be severely hurt by a lap belt if they're forced to have it in front of them, and allowing for it to be behind them is very appropriate. And I commend the department for taking that step.

The other question certainly will continue to arise around the fact that police can send out notices or tickets to individuals on the basis of a driver's licence. I can appreciate the Saskatchewan School Trustees Association asking for this specific regulation or change to the Bill because of the fact we realize the safety of our children on our roads is very important. And unfortunately on many occasions drivers still fail to recognize the stop sign on a bus.

However, going beyond the ability of just extending tickets for school buses, in the case of buses or whatever, I think may, as was indicated, may infringe some of the rights, may be challenged in courts.

But we want to take a closer look at the Bill before us, and at this time then I'll adjourn the debate.

Debate adjourned.

Bill No. 66 — An Act to amend The Industrial Development Act

Hon. Mr. Lingenfelter: — Mr. Speaker, I wish to stress at the outset that the Bill before us does not reflect any significant change to SEDCO's (Saskatchewan Economic Development Corporation) direction or mandate and it is basically housekeeping in nature.

Before I deal with the principle of the Bill, I want to take a few minutes to talk to the Assembly about SEDCO and the record of SEDCO over the past 10 years and, Mr. Speaker, just a few words about the future.

Mr. Speaker, we said during the election campaign that we would change SEDCO's mandate and give it a more significant role in economic development in Saskatchewan. We said we would restructure the corporation and we would run it on a break-even basis. Anyone who wants proof that restructuring is required need only look at two SEDCO annual reports.

First, Mr. Speaker, look at the 1982 annual report. It showed retained earnings of \$4.3 million. And then compare that with the report from 1991. By then the corporation had racked up an accumulated deficit of \$118 million. Mr. Speaker, in 10 years, just 10 years, the bottom line had taken . . . gone from a profit of 4.3 million to a loss of \$118 million.

Mr. Speaker, when we took office we looked at some of SEDCO's major files in detail. It didn't take long to spot some of the reasons for that sorry record of performance.

It was not SEDCO itself or the staff who were to blame. It was in fact the politicians, some of them who sit opposite now. Cabinet ministers and other MLAs (Member of the Legislative Assembly) meddled in the economic decisions of the corporation. SEDCO had in fact become a political tool.

There is no doubt that over the long run, SEDCO has made a difference to the province's economic development picture. Thousands of projects it has helped finance did produce and maintain thousands of jobs. However what we need to question now is the cost and durability of those jobs. Did they cost more than they should have? Will projects that proceed mainly because of political pressure have long-term viability?

Mr. Speaker, we will be taking steps to assure those kinds of questions don't arise in the future and that political interference will not be a factor in decisions made at SEDCO in the future. When we complete the process of creating a new SEDCO, we will have made sure of two things: one, that it stimulates a diversified economy and creates jobs; Mr. Speaker, secondly that it does so without hemorrhaging of red ink that has in fact flowed from that corporation as a result of political decisions over the last 10 years.

Mr. Speaker, the task of making necessary changes was begun very shortly after we took office and is ongoing. So far we launched a review of programs and policies. The review is essentially completed and activities under existing programs has been resumed but we are and have reduced the basis of the number of loans and they are being done on a more stringent criteria. We've reviewed existing loans and investment and took the appropriate write-offs that were necessary. We took steps to implement a number of the Gass Commission's recommendations and addressed several other concerns by proceeding with legislation before us. We appointed a new board of directors and hired a new president, both mandated to thoroughly examine policy issues and the total role of SEDCO.

Mr. Speaker, we initiated steps to assure that board members will avoid conflict of interest situations, and we've directed the management of SEDCO and other economic development departments and agencies to look for ways to transform SEDCO into a new type of economic development institution.

Mr. Speaker, it's obvious that achieving the general aims I've outlined is not something that should or can be achieved in a hurry. Mr. Speaker, this is a long-term project. In the mean time, it is necessary to address a number of deficiencies that have been identified in SEDCO and SEDCO's enabling legislation, The Industrial Development Act. These deficiencies have been raised over at least five years by SEDCO's clients, by their solicitors, and by other departments, and in fact SEDCO itself.

Most of these amendments now before us are being proposed and were proposed to the government back in 1989, so they should come as no surprise to many of the members opposite. I would therefore not expect them to view these changes as being controversial.

In principle the proposed changes would include making the legislation more responsible to the needs of the business community, bringing it in line with existing lending practices, clarifying some of SEDCO's powers, and bringing its legislation more in line with other commercial Crowns, enabling the government to comply with the recommendations of the Gass Commission that all Crown funding come from the Consolidated Fund.

It will clarify the corporation's level of authority and make it more responsible to cabinet and to the legislature, clarify the corporation's power to enter in to the types of security agreements it has traditionally entered into, simplify establishment of quorum for board of directors, and clarify the term of appointment.

Mr. Speaker, I look forward to the opportunity to provide further details of this Bill during clause-by-clause consideration in Committee of the Whole. Therefore I move second reading of the Bill, an Act to amend The Industrial Development Act.

(1430)

Mr. Swenson: — Thank you, Mr. Speaker. I will be making a few comments in response to the minister and then asking to adjourn debate on this.

The minister and I certainly agree on one thing: the employees in SEDCO are excellent employees; they often work under some conditions that are extremely difficult at times. When one is dealing with a family business breaking up after a couple of generations of being successful, when one is involved with people that have felt they had the best idea on earth in order to develop a new product and then it doesn't turn out exactly right, then you have to have employees that are understanding, that are compassionate, that can make the best of a situation that sometimes isn't the greatest. And SEDCO has those kind of employees; there's no doubt about it. The current minister has got good people to work with.

Unfortunately this minister has the same problem as a lot of the other members of the government. He has this sort of institutionalized fiction that goes along with being a New Democrat, and it's from being in opposition too long. You forget about reality, and you've preached the same thing over and over again that you actually start to believe it. And it's a terrible problem because I'm sure that it creates ringing in your ears and all sorts of things.

I think the members of the government are going to have to realize that they aren't in opposition any more, and some of this institutionalized fiction that they told the voters of this province for so many years is going to have to change if they're going to do a good job.

And the minister will not reorganize the functions of SEDCO. He will not do what he says if some of these sort of institutional problems within the New Democratic Party don't go away. And that's the problem that we're going to face in this Assembly when ministers like the minister from Elphinstone make these kind of statements.

That minister knows full well that many of the long-term debt situations that SEDCO's dealt with go back way beyond 1982. Matter of fact, the minister is speculating in the press, I see, about the sale of Westank-Willock. Westank-Willock has been around a long time, Mr. Speaker.

An Hon. Member: — You had it for sale.

Mr. Swenson: — And we had it for sale. And if I'd have had a couple more months, Mr. Speaker, I might even got it there.

And I use that example, Mr. Speaker, because Westank-Willock has been one of those things that . . . as the minister commented, he said: there is always that urge in Saskatchewan, with a very thin industrial base, to maintain what jobs you have.

And I hope that when the minister does sell Westank-Willock, when he does sell Westank-Willock — and I would caution him on dealing with . . . well I shouldn't say it in this Assembly but the minister knows that there is some caution to be dealt with in Westank-Willock — that it be done in such a way that we not only preserve the jobs but the industrial contracts with the U.S. (United States) Air Force and others. The railcar potential is explored in such a way that we do keep those jobs here, that we add to our economic base, and that we don't let sort of this institutionalized fiction in the NDP Party get in the road of doing some of these things.

That the proper reorganization of SEDCO, CMB (Crown Management Board of Saskatchewan), some of the other things that are necessary to look at, take place in an open manner. He's got good employees that can converse with the private sector very well, and that some type of public process I would suggest would be in order.

The minister's right. Most of the changes that he is bringing forward in this particular Bill are ones that clients, the lending community, others, have identified over a number of years. There are a number of them in there and I think in all fairness to doing this process in a proper way that I will ask for adjournment on this Bill so that we can go through it a little more extensively.

Debate adjourned.

Bill No. 71 — An Act to amend The Saskatchewan Medical Care Insurance Act

Hon. Ms. MacKinnon: — Mr. Speaker, I rise today to move second reading of The Saskatchewan Medical Care Insurance Amendment Act. As indicated in the budget there's a pressing need to reduce the rising cost of health care in Saskatchewan. In aid of this the amendments to the chiropractic and optometric programs will limit coverage in accordance with other provinces which insure those benefits.

In Saskatchewan chiropractors will be allowed to bill patients an additional amount with the provision, Mr. Speaker, that government may establish a limit for these charges. I would point out as well that under both the chiropractic and optometric programs, supplementary

health beneficiaries and recipients of the Family Income Plan and the Saskatchewan Income Plan will continue to receive full coverage. That is people on low incomes will be protected. Also under the optometrist program all persons under 18 years of age will continue to receive full coverage.

Mr. Speaker, these initiatives will save Saskatchewan taxpayers approximately \$9.5 million the first year and \$13.4 million annually.

I note as well, Mr. Speaker, that these amendments will still place Saskatchewan beneficiaries amongst the best insured in Canada. Mr. Speaker, in addition to cost-saving measures, these amendments also allow Saskatchewan Health to make direct payment to insurers of medical services provided outside the country. By making it easier to have those services paid for, this initiative will help to ensure prompt and adequate attention for Saskatchewan beneficiaries who may require them.

Mr. Speaker, as well as making the medical care program more cost-effective the amendments will provide further savings to government by allowing Saskatchewan Health to recover monies from SGI (Saskatchewan Government Insurance) and other insurance companies for medical costs paid in connection with third-party liability accidents. This is consistent with the current policy of recovering hospital costs regarding such accidents. These amendments also revise the definition of position to include physicians serving as locum tenens. This follows from regulatory changes by the College of Physicians and Surgeons to allow locum tenens positions to practice on their own and to pay them directly for their services.

This amendment is particularly significant for people in rural areas, since due to constraints and current billing practices, rural areas have had serious difficulty in attracting doctors. Consequently, Mr. Speaker, it will greatly assist rural communities to both obtain and retain physicians' services.

In total these amendments will ensure that Saskatchewan residents continue to enjoy one of the most comprehensive health care programs in Canada. A program which, through these amendments and changes to payments for insured physicians services, would now also realize annualized savings of nearly \$31 million.

Mr. Speaker, I hereby move second reading of The Saskatchewan Medical Care Insurance Amendment Act.

Mr. Toth: — Mr. Chairman, as I've been listening to the minister, some of the changes that certainly the Minister of Finance talked about in his budget are now coming to place . . . or take place, and this Bill before this Assembly, as many MLAs I'm sure around this . . . in this Assembly know.

They've had phone calls, if people have called like they've called my office, and a lot of people have had concerns. And there's no doubt that there are also people who realize the fact that the question of our debt and the question of health care spending must be addressed. I'm pleased that the government has taken a look at the fact

that there are people within this province who are on low, fixed incomes and the fact that we've addressed the issue of the Saskatchewan Income Plan. Anyone who falls within that criteria or low incomes will have at least the greater portion, if not all the portion, of the optometric and chiropractic fees cut.

I would also like to indicate that when we talk about reducing the ability . . . or putting a fee on chiropractic and optometric services, it doesn't necessarily I think in the long run address the total costs of health as one wonders.

And of course the professionals will always argue that if they don't have access or if they aren't able to provide the services that a patient needs as quickly as a patient should receive them, then it may mean higher costs and longer times or terms in the hospital for a patient.

No doubt our system, the way it's set up, will probably . . . still leaves itself wide open to abuses and misuses of the health services that are available.

And I trust that people across this province will think a little more seriously about the health question, will not just be running to the professionals every time they have a cough or a cold, but will look at the fact that they should be more conscious and more responsible, as I believe that's the only real, significant way we are going to address the escalating costs that we're finding in the funding for our health care question.

Therefore, Mr. Speaker, in light of the fact that I believe there will be more things we'd like to address as we peruse the Bill even further, I would adjourn the debate.

Debate adjourned.

ADJOURNED DEBATES

SECOND READINGS

Bill No. 21

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Lingenfelter that **Bill No. 21 — An Act to continue SaskEnergy Incorporated, to make certain consequential amendments to certain Acts resulting from that continuance and to validate certain transactions involving SaskEnergy Incorporated** be now read a second time.

Mr. Swenson: — Thank you, Mr. Speaker. There's a number of areas on SaskEnergy, Mr. Speaker, that I want to touch on this afternoon because I think it's important that an item this controversial, one that obviously has played a very large role politically and philosophically in our province, that there has to be considerable discussion before we get into the Committee of the Whole because I think it's important for the government to understand certain things that are, in my view, reality in the gas industry.

SaskEnergy becoming a Crown corporation, I believe is the right way to go. I think that it was a mistake of the former government when we were proposing some of the

changes in the gas industry that that wasn't clearly outlined to the public. That the delivery of gas to farms and households, in this province anyway, rightly belongs in the purview of the Crown.

You will never, ever see in a deregulated market-place, I don't believe, the ability of a farmer or someone like that to go to well-head unless it was on their own home quarter section or something like that. So it is right and proper that that process take place, that the delivery of gas to those entities be in the form of a Crown corporation.

I do have problems, Mr. Speaker, with that type of a Crown corporation being implemented without the corresponding regulatory bodies attached to it. And I see no place in this particular Act where we have a tool like the Energy Resources Conservation Board that they have in Alberta. For instance, the tolling and tariff controls that are brought to bear on the delivery system so that people from top to bottom in the gas industry will feel comfortable that the rates being charged, that the tolling charges being charged, are fair and reasonable.

And I think this government is missing a very important opportunity if that mechanism is not an institutional part of creating this Crown corporation. And I'm wondering, Mr. Speaker, if it isn't deliberate. And I guess that's why I think it's important that we speak on this debate before we get into committee, because there are some very important questions to be asked of the government as this Bill is taken through its various stages.

(1445)

If, as I understand, the debt that now is in SaskEnergy, which was taken from SaskPower and originally put with SaskEnergy as a stand-alone unit, is now going back into SaskEnergy — or going back into SaskPower — that means that SaskEnergy, as of today, other than certain commitments that it will probably make in the areas of pipeline construction, for instance, through its subsidiary TransGas, will be a debt-free operation.

Most gas companies in Canada today, even with very low natural gas prices, are still very profitable. That's why you find the pension funds, the people, the long-term institutional investor, still very interested in gas stocks; that they view the long-term future of natural gas as being a positive one.

Natural gas is one of the cleanest burning fossil fuels that we have; we do have it in great abundance; we have anywhere from 150 to 200 years supply in Canada, which means that natural gas will be a fact of life for a long time in our province.

Given that that long-term confidence is there, it means that the profitability of the natural distribution network will be there. And as a Crown corporation, SaskEnergy no doubt will pay dividends, pay dividends to the Consolidated Fund.

The danger for the consumer in all of this, Mr. Speaker, is that without the proper regulatory mechanisms being put in place, when you're starting out with a new company, one that you have now stripped a couple of hundred

million dollars worth of debt away from, that there could be a certain amount of temptation, without a public regulatory mechanism, to use your rate and tolling structure to rack up some pretty hefty profits.

And the other problem is that, Mr. Speaker, in all other jurisdictions in North America there is a clear delineation between cross-subsidizations of energy sources. In other words, you don't mix electricity and gas. You don't mix oil and gas. You don't mix nuclear and gas. Most jurisdictions keep the various entities separate so that the person paying the bill — you and I, the consumer — have a clear indication on a least a yearly basis of where our costs are going; otherwise you can have gouging occur.

And that's why, Mr. Speaker, you have such strong sort of public utility review commissions in the United States. That's why you've seen power plants stopped in midstream down there. It's because the consuming public feel very strongly about the issue. And I would think it would be incumbent upon the government as they go through this creation of a new Crown corporation that they would want to give the public assurance that there would be a regulatory mechanism that would govern the tolling and tariff structures, that people could feel confident, that industrial users could feel confident in approaching and knowing that they're going to get a fair hearing at a reasonable cost.

One of the problems, Mr. Speaker, with the former Conservative government's experiment with the Public Utilities Review Commission in this province in the early '80s was that it had proved to be a very litigious process, very expensive. In talking to people like Kalium Chemicals and others that use that process to put forward their arguments with SaskPower, which at the time was the sole mechanism to deliver gas in this province, they found that the legal costs, the cost burden to appear before the tribunal was almost greater than the end result, even if you won your case. And other jurisdictions have come up with mechanisms that simply don't have that onerous impact on anyone sort of appearing and filing an official protest or filing for grievance against something that they don't feel is proper.

And I think the people, for instance, that were very interested in buying TransGas last year from the Government of Saskatchewan, the consortium out of Calgary put forward — and the Minister of Energy has that information, as does the minister responsible for SaskEnergy — put forward a package of regulatory regimes that would be suitable for a SaskEnergy Corporation, a public Crown corporation having at that time a privatized TransGas operating side by side in the province of Saskatchewan.

If that regulatory regime is in place with a publicly owned TransGas and a publicly owned SaskEnergy, I think the consuming public could feel as much confidence as they would have with the other scenario.

It's interesting, Mr. Speaker, in talking to people, large industrial users of gas in this province and others, that they have a number of concerns that are going to have to be addressed.

The government is saying to the large urban municipalities that we are going to give you back the ability to put your surtax on gas, something that disappeared under the former regime when gas was deregulated.

And the scenario is not a pleasant one, Mr. Speaker, for companies that are in the development of natural gas. Because what they're doing is they're signing long-, mid-, and short-term contracts with various large users under deregulation. That means a couple of gas companies sign contracts with people like IPSCO. Those contracts, some of them will be for a 30-day supply, some of them will be for so much at six months supply, some of that will be over two years supply. And they will arrive at a price and they will lock that price in or they will say that under this contract, that there is so much leeway over a given period of time.

So now what we have proposed is that the Government of Saskatchewan allows the large urban areas to once more surtax gas. The urban jurisdiction charges back to the company the amount of money of the surtax. The company then has to go back to the industrial user or to the large public user and say, I have just been charged so much for my gas; I'm going to have to raise your rates.

Well, Mr. Speaker, if it's a hospital or a school or a university or this building or whatever, a public institution with a lot of public dollars in it, a lot of taxpayers' dollars, I suspect the reaction back to the gas company will be, sorry, we don't have any more money. The government has just cut our grant. The government has cut back our funding. We can't increase mill rates any higher than what we've increased them already.

Well, Mr. Speaker, I say to you, that type of scenario is not going to be conducive to a happy relationship between the people that drill and develop natural gas in the province of Saskatchewan and the people that use the product.

And what's going to happen in all of this, Mr. Speaker, unless there is some type of regulatory mechanism attached to the SaskEnergy Bill, or at least a strong commitment to a public-hearing process that will evolve a regulatory mechanism, is that there will be no incentive to drill and develop natural gas wells in this province. There will be a strong urge, a very strong urge, to go outside of our province, I suspect, to access natural gas, and that we as a province in the end will be losers.

Now, Mr. Speaker, as I said, there are a lot of games that can be played with a company such as SaskEnergy, that starts out new in life, basically debt free without any regulatory mechanism. And hopefully, hopefully, Mr. Speaker, we aren't going to see the government succumb to that urge to try and make very large profits at the expense of home owners, farmers, small-business people, who by their nature will have to rely upon this government Crown corporation to deliver gas to them in the best means possible.

And I think those are the kind of questions, Mr. Speaker, that have to be asked about SaskEnergy. Because we're dealing with a company that on the transportation side

alone, on the TransGas side was valued at at least \$450 million, and that was by independent appraisal from at least three different sources that I know of.

So we have a company here that will be starting out with large assets and a company that is going to have to make some very large commitments in the not-too-near future. SaskEnergy will be required over the next couple . . . two to three years to probably spend upwards of \$200 million on installing natural-gas pipelines in this province.

And they will be installed for two reasons: one is to provide a gathering network for natural-gas supplies that have already been discovered but at present have no access to market; and the other will be to deliver Saskatchewan natural gas to markets outside the province of Saskatchewan either in eastern Canada or the United States.

The funding, Mr. Speaker, of how those pipelines will be delivered will be absolutely crucial. Will that funding be with borrowed money? Will that money be out of retained earnings? Will that money be by special surtax on rates? So you see, Mr. Speaker, there are a number of ways that that funding will have to be achieved.

And once again it begs the questions, who will do the monitoring, who will work on behalf of home owners, hospitals, schools, large users like IPSCO, Kalium. In other words, Mr. Speaker, almost the entire industrial sector in this province is going to have to feel with some confidence that this process is going to go ahead and that no one is going to get gouged.

We in Saskatchewan are blessed with many resources, natural gas certainly being one of them — environmentally sound, low price, at least in the foreseeable future, and adaptable to many different industrial and commercial situations. It gives us an edge, Mr. Speaker, an edge that many of our competitors don't have. It can be, if it is handled properly, a significant-enough edge that Saskatchewan can probably garner certain situations ahead of others because of our supplies.

And I would suggest to you, Mr. Speaker, that Saskferco is but the first and largest in a line of what could be many successes, because Saskferco is founded on the principle of relatively modest-priced natural gas, close to the areas that the end product can be used in most effectively. And I feel very confident, Mr. Speaker, that at the end of the day Saskferco will live up to its commitments of being a major supplier of fertilizer to Saskatchewan, Canada, the world. It will return significant profit, taxes, and opportunities to Saskatchewan people. And I think Saskferco would be one of the first to say that a regulatory mechanism attached to SaskEnergy or developed in conjunction with the SaskEnergy Bill would be right and proper for the province of Saskatchewan.

(1500)

Mr. Speaker, there are those in our province — and I've also heard them and seen them in other provinces — that say that deregulation of the gas industry was a backward step. That deregulation takes away the ability of various

jurisdictions to manage resources.

Well, Mr. Speaker, I don't believe that anyone in North America today is going to reverse deregulation, no more than we are going to move back to large-scale, quarter and a half section farming, will the people that have become accustomed to the deregulated gas markets change their mind very easily. And I think it would be a serious mistake for SaskEnergy, once it attains Crown corporation status, to look at ways of destroying the deregulated market-place.

I think that to succumb to those temptations would simply be setting back the process and setting back our province decades in the way that we deal with life. The co-generation that I've heard members of the government stand up and boast about, co-generation and its successful development will be predicated on the ability of natural-gas producing companies and other industrial companies and SaskPower in getting together in a joint venture, if you will, to produce electricity and industrial steam in a joint effort.

That is going to mean access at the well-head to the cheapest gas possible. And the cheapest gas possible will only be achieved through a deregulated market-place. And that is the only way that the ultimate consumer of the electricity of co-generation will be able to keep the lowest rates possible.

So, Mr. Speaker, there are a number of issues that are all tied together in SaskEnergy. There is our environment, there is the cost to the taxpayer, there is the strength of our industrial sector, and there are all of the things that we can build on in this province for the future if secure, reasonably priced supplies of natural gas are available for development down the road.

So what I'm going to urge today, Mr. Speaker, in this second-reading debate is that the government be prepared at the time of Committee of the Whole, that the government be prepared, that the minister responsible be prepared, to talk about regulatory mechanisms, regulatory bodies; that he be prepared to show us how the consumer, how the commercial sector, and how the large industrial user in this province, is going to be assured that this new Crown corporation will not gouge for some short-term monetary gain in the next couple of years. And how that this particular Crown corporation will be able to coexist with the private sector, in the rest of the western Canadian sedimentary basin at least, in the development and management and usage of natural gas in a responsible way.

And I think if they can answer and talk about those particular questions in Committee of the Whole that what we will have here, Mr. Speaker, is a Crown corporation that will stand the test of time and will be an asset to citizens in this province.

And I know that other of my colleagues will probably want to speak on this at a later date, but I will ask to adjourn debate on this at this time.

Debate adjourned.

Bill No. 60

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Lingenfelter that **Bill No. 60 — An Act to amend The Community Bonds Act** be now read a second time.

Mr. Swenson: — Thank you, Mr. Speaker. I understand the premise behind this particular Bill is to allow the co-operative movement to interface with community bond corporations in a way that wasn't possible under the original Act. And I don't think that we have a lot of problem with that, Mr. Speaker, as long as some things are clearly understood.

That the co-op structure, as I understand it, and I have had a . . . our family has had a number at the Moose Jaw Co-op since I don't know how long, probably three generations. That the structure is that every person is equal, every person has one vote.

A community bond is structured in such a way that you don't necessarily have equality in the shareholders, that the period of the bond before its conversion means that, even though you may have a board of directors who in effect are all equal during the bond period, that if it gets to such a point that the conversion to a shareholder — the proviso is in The Community Bonds Act — occurs, that you may have some people with more shares than others which is diametrically different than what you have with the co-operative structure.

And I'm not saying, Mr. Speaker, that those two entities have to necessarily be at odds. They are just a reality in life. So that the marrying of a co-operative into a community bond corporation means that there may have to be a rethinking of how the ultimate ownership may shake down because you may have a co-op with several thousand members holding a certain percentage of a community bond. That co-op is going to have to interact with the other shareholders in such a way that its sheer size, I suppose, doesn't infringe on the rights of other shareholders.

Community bonds are in a way . . . well as we know in this province, they're leading edge. The fact that you have to have a youth on the board of directors, I think, is something that probably no other jurisdiction in North America to my knowledge has ever contemplated; the fact that you recognize that the strength in a community is predicated upon other people in that community coming along and picking up the challenge, if you will, that the current generation invested in in a community bond. Therefore you should have young people, who might not necessarily have any money, sitting on your board of directors so that they in the future will pass the torch, if you will.

And that is wise, and I think that it was one of the reasons under the original structure. The government has chosen to strengthen that, and I commend them for it.

But I think it is important, Mr. Speaker, that when we go through this process of integrating two sort of different entities into one that we have a very clear understanding of how that co-operative structure would interface with

existing shareholders in a community bond, and I will listen with some interest as the minister responsible explains that relationship and how it will carry on, in committee.

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

COMMITTEE OF THE WHOLE**Bill No. 49 — An Act to amend The Mortgage Protection Act**

The Chair: — Would the minister please introduce his officials.

Hon. Mr. Tchorzewski: — Thank you, Mr. Chairman. I have with me John Wright, the deputy minister of Finance who's on my right; and Len Rog, the assistant deputy minister of Finance, who is immediately behind him.

Clause 1

Mr. Swenson: — Thank you, Mr. Chairman. Mr. Minister, just to refresh everyone — and I'm sure you've given this answer at some place before — how many people are currently affected by the cancellation of this Act?

Hon. Mr. Tchorzewski: — Mr. Chairman, it's slightly below 1,300 — and just to add some additional information — and the average benefits are about \$19 a month.

Mr. Swenson: — Just for information, Mr. Minister, and anyone watching, what's the going mortgage rate in the province of Saskatchewan today?

Hon. Mr. Tchorzewski: — Mr. Chairman, I am glad to say, because my mortgage comes due on November 1, but a one-year mortgage rate is 6.95 per cent, which is a promising thing, and anyone renewing their mortgage is able to take advantage of this. And the member may ask, where will this stay? All the indications are that interest rates are expected to . . . those who make these analyses expect it to continue to drop in a modest way for the next little while, and there is no signs or indications that they may be starting to increase in the near future.

Mr. Swenson: — Mr. Minister, these 13,000 households that are still or were being protected on mortgage protection, it must be safe to say then that they were in probably multi-year mortgage arrangements.

Hon. Mr. Tchorzewski: — Yes, I think that that's quite correct.

Mr. Swenson: — That no one should have any problem probably remortgaging their household, given the present market?

Hon. Mr. Tchorzewski: — I'm advised that there should be no difficulty here.

Mr. Swenson: — I wonder if the minister, just for information — he may not have this — what is the longest mortgage that a person can get today with a regular

household?

Hon. Mr. Tchorzewski: — Generally the time is five. That's a standard rule, but there are exceptions in some situations where you could go to seven, six. But the general time period in which institutions prefer, and I think CMHC (Canada Mortgage and Housing Corporation) works this way, is five years.

(1515)

Mr. Swenson: — Mr. Minister, do you and your officials feel that the changes in the federal Act regulating mortgages, down payments, that sort of thing, has created a higher-risk clientele that may be more adversely affected by sudden spikes in interest rates?

Hon. Mr. Tchorzewski: — I think that that's a fair statement that it is a . . . this is a positive but yet a difficult move. The CMHC is going to have to be . . . watch this with some care to try to advise people who may get trapped because maybe they're not in the position where they ought to be taking out a mortgage. So there's mixed benefits but also some risk here. But as I said, that's where CMHC is going to have to be very careful.

Mr. Swenson: — Well I think, Mr. Minister, that our provincial government will also have to be very careful. It's a situation that, not unlike the early '80s, could lead to a disaster, in my view — that people that get overly exposed as you had in the housing market of the late '70s and early '80s, obviously are the first to suffer when you have early and quick spikes in the interest markets.

And I would think that you as the Minister of Finance will want to watch very carefully in discussions with your federal counterpart any large movement toward first-time home buying in this province, and that the government be fairly careful in being restraint minded, if you will, with people that might get themselves a little bit overboard.

And I think I'd like a commitment from you that we won't have to see what we saw in 1982 when interest rates went to 20 and 21 per cent, that we're relying upon the federal government only to sort of regulate the situation.

Hon. Mr. Tchorzewski: — Once again I have no hesitation in saying that again, because the member is right. I was around in this portfolio in the 1970s and early '80s when the interest rates did go out of sight. And there was at that time, both at the federal levels and different provincial levels, incentives of all kinds to entice people to buy homes.

That is not to say that we should not be trying to make homes available for everyone. But yet there's a timing. At some point in time people may have to wait till they're better positioned to be able to buy a home.

We're going to be . . . I can certainly give the member a commitment that those kinds of situations will not be encouraged. I think we do as a government, as I know the members of the opposition will share, have a responsibility to advise people appropriately. And that's what we want to do here so that, having learned from what happened in the 1980-81-82, hopefully that's going

to guide us well into whatever we have to do in future years.

Clause 1 agreed to.

Clauses 2 to 5 inclusive agreed to.

The committee agreed to report the Bill.

Bill No. 50 — An Act to amend The Financial Administration Act

Clause 1

The Chair: — Would the minister introduce any additional staff that may be with him.

Hon. Mr. Tchorzewski: — Thank you for that, Mr. Chairman. There's a change in the staff advisors who are with me, and I want to introduce Gerry Kraus, who's the Provincial Comptroller, seated behind Mr. Wright.

Mr. Swenson: — Thank you, Mr. Chairman. I'm wondering if the minister could give us an example of exactly what is intended here with the write-down of an advance or a loan. I mean, can he give us a concrete example of what his deputy minister's contemplating here?

Hon. Mr. Tchorzewski: — I can actually give you four examples because it actually has transpired. These are Crown loans and investments that have been written-down. I guess I was confused because the technical term is extinguished. Saskatchewan Water Corporation, 183.7 million; Saskatchewan Property Management Corporation, 715 million; Saskatchewan Grain Car Corporation, 35.9 million; and the Crown Investments Corporation, 583.9 million — for a total of 18.5.

Mr. Swenson: — So I gather from what this Bill is asking, is the consent of the legislature to take these write-downs in a particular area and transfer the debt to the Consolidated Fund. Is that what you're saying?

Hon. Mr. Tchorzewski: — Actually that has already been done. When we were in the process of doing this, the government was, we consulted the Department of Justice. Department of Justice advised us that we should have such an amendment to make it clear that we have the authority as a government to be able to do this write-down. So that's here on the advice of Justice to make sure that the authority is there in the legislation for this, or if it should ever happen to be necessary in the future, so that there is no question about the authority and the process.

Because from time to time . . . and I hope it doesn't happen and we're going to try to manage the portfolio so that we don't get stuck in these kind of situations — but if there is the need to do this some time in the future, the authority will adhere in the legislation in order to be able to get it done.

Mr. Swenson: — I wonder if the minister would be prepared to send across the list and the appropriate

numbers attached to them?

Mr. Minister, under the explanation I'm looking at, it says the corporation is required to use the grant to fund its net operating loss and to return any amount paid in excess of the actual operating loss. What are you getting at in the explanation on clause 4 on the Bill?

Hon. Mr. Tchorzewski: — This directly involves the question of the CIC, the Crown Investments Corporation. It is anticipated, and that has been provided for in the budget, that this year the CIC will run a loss of some \$39 million. It will require a subsidy from the Consolidated Fund, as recommended by the Provincial Auditor, as recommended by the Gass Commission and the Ernst & Young report.

What this amendment does, for the information of the member of Thunder Creek, is that it provides the government the authority to be able to do that. So this year, assuming that the estimate that was provided where there will be loss of \$39 million, and it's also been included in the budget at \$39 million, we'll be able to pay that subsidy to the CIC.

Mr. Swenson: — Okay, what if that estimate is wrong? What if for certain circumstances you come in at a lower figure or you actually show a profit, what's the process then?

Hon. Mr. Tchorzewski: — We will . . . I shouldn't say we, but the Consolidated Fund will only pay when the exact amount is determined. So the estimate is up to \$39 million. If it so happens that it is \$15 million, we'll pay \$15 million. If it's zero, there will be no subsidy provided whatsoever.

If you look at the Bill, you will see that there is a provision here that: "The minister may impose any terms and conditions on a grant pursuant to this section . . ." So there's the opportunity to do that. But the way it's going to work, and that's the terms and conditions, is that if they do not require the full 39 million, they will only be provided the amount that's necessary.

Mr. Swenson: — So what this means is, at the end of the fiscal year when the loss is determined or not — you either have a loss or you don't — you will then, as minister, determine what is appropriate and you will then transfer those funds. What is the reporting mechanism then to the legislature on this particular transaction, seeing as it occurs beyond the end of your budget year that you're asking appropriation for?

Hon. Mr. Tchorzewski: — It's helpful for the purposes of the House because the Crowns operate on a calendar year so you get the information earlier because it's on the calendar year basis. But that information will be provided therefore in the timely manner, assuming that the next session begins sometime in the new year — March. We will have information then on what the amount will be and we'll be able to report that to the legislature. If members want to ask the question, that'll be quite available. There's no problem with that at all.

I want to comment, because I think the member did ask

about what happens if the amount of requirement is above the \$39 million. In that case, the government would have to provide a special warrant so that there would have to be public knowledge of this expenditure because of how the special warrant becomes public. And that too would have to then be reported to the legislature.

Mr. Swenson: — I'm a little bit mystified at the wording, Mr. Minister, of sort of "that the minister considers appropriate". In other words, I guess what it leaves me to think is that if you've budgeted for a \$39 million loss but for some reason you only want to take a \$15 million loss, you can deem that that is appropriate. I would think that you would have wanted a clause that simply said that the minister will pay to the Crown Investments Corporation X as determined by year-end statement or something like that, rather than whatever the minister feels is appropriate.

Hon. Mr. Tchorzewski: — Actually in essence, that's what's going to be done. The loss will not be established by the Minister of Finance. A loss will be established by the CIC. They will have to account for the loss, identify for it, identify what it is, and then the money will be provided. So in essence what the member describes is what the process will be.

Mr. Swenson: — Well in all due respect, Minister, as Finance minister I suspect you sit on the board of CIC, and not having ever been on the board of CIC but having been fairly closely related to it, I understand how it does function a certain way. And it could seem appropriate at times to vary the amount of loss from year to year.

And I know it's a little late to bring in an amendment to the process, but I would have preferred something a little more definitive when we're talking about appropriate losses.

(1530)

Hon. Mr. Tchorzewski: — Let me try to be helpful. It's not possible to hide or conceal or bury the amount of loss because it has to be reported in an audited statement in the annual report of the Crown Management Board. And the member is right, the Minister of Finance does sit on the Crown Management Board. And actually that's a good and useful way to do it because the left hand knows what the right hand is doing. Whether they are the Crown sector or the Consolidated Fund sector of the government, in many ways they are interrelated and it is very important that there be a close working relationship. And that's why the minister — in this case myself — sits on the board of the Crown Management Board.

But clearly, there are losses; they will be identified, and they will have to be reported in the audited statements that are provided in the annual report on the calendar year basis.

Mr. Martens: — Thank you, Mr. Chairman. I have some questions, Mr. Minister, that relate to, first of all, Sask Water.

In the \$183.7 million that you're asking us to look at in this Bill, the auditor raised some concerns the other day in

Crown Corporations that I'm not sure you're aware of. And he said he was having a great deal of difficulty, he was having a great deal of difficulty defining in where you were placing the 183 million as a debt write-off and where you were placing the value of the assets in relation to the debt write-down and that you were writing the assets off as well. That's what I gathered from what he had said to us in Crown Corporations. And I'd like you to explain that to us if you would.

Hon. Mr. Tchorzewski: — I'm not able to comment on the comments that the member says the auditor was saying . . . Is it Crown Corporations Committee or Public Accounts?

An Hon. Member: — Crown Corporations.

Hon. Mr. Tchorzewski: — Crown Corporations. Because advances that were made from the Consolidated Fund to the Saskatchewan Water Corporation, it was determined by sources and advisors other than the Department of Finance or the government — although that was a concern here as well — that there was certain projects on which there was no income to repay the advance or the loan.

The Gass Commission recommended therefore that they be written off. The Provincial Auditor supported that, and does support that. And so maybe I misunderstand the question and the member may want to repeat it, but I don't know that there is any disagreement along the line on this, based on the advice that we received and the action that we took based on that advice.

Mr. Martens: — Mr. Minister, the auditor clearly identified that there was a significant problem. In fact, we spent 15 or 20 minutes talking about what the problem was. And I'd like you, if you've got the answer, to describe it to us because I want to get the Crown Corporations minutes, *Hansard*, and then I'll read it to you what his problem was so that then you'll understand. But if you've got the answer, then you tell me.

Hon. Mr. Tchorzewski: — I think I do. The auditor may be referring to the fact that there is a one-year lag in the reporting, and that may be what he is referring to. But I don't think that the auditor is prohibited from getting the information that he wants. He just has to ask and that's available.

Mr. Martens: — I gathered from the discussion, Mr. Minister, that that necessarily wasn't the problem. He was wondering why you had taken the debt and written it off and taken the assets and written them off down to zero too.

Hon. Mr. Tchorzewski: — Well once again, all I can do in response is explain why this has taken place. It has taken place because the debt that was incurred did not have the assets that were able to earn the income to repay the debt. So the only way you can repay the debt is from the Consolidated Fund. So you might as well have it — and that's the appropriate way to do it for accountability purposes — become a debt of the Consolidated Fund because the Consolidated Fund is responsible for the debt. Basically there were no assets that could earn the

income to repay the debt.

And I really . . . I don't know what the confusion is, if there is any. I would like to get the Crown Corporations *Hansard* and go through it and do some work on it and get back to the member. I don't mind providing that explanation at all. But to the best of my knowledge, that's what's happened here.

Mr. Martens: — As soon as I get the *Hansard* from Crown Corp, I'll read you what the question was. However what I'd like also to have is the Saskatchewan Property Management Corporation, the list of the items that were there in terms of the same list that you have in your CIC list. On page 4 of your budget address you've got a list of those items that you wrote off in CIC, and I'd like to have that same list of items in the Saskatchewan Property Management Corporation that you wrote off and I'd like to have that same consideration for both of those items.

Hon. Mr. Tchorzewski: — I'm sorry, could you explain what you mean by a list?

Mr. Martens: — Well, Mr. Minister, the Crown Investments Corporation had a list of items on page 4 of your budget address, on page 4, of PCS (Potash Corporation of Saskatchewan Inc.) dividends, SEDCO, STC (Saskatchewan Transportation Company), Saskatchewan Diversification Corporation losses . . . has a list of items that those losses were accrued to.

Now on the Saskatchewan Property Management Corporation, I'd like to have those identified in hospitals, schools, university buildings, all of the things that relate to that, and I'd like to have a list of them, please.

Hon. Mr. Tchorzewski: — Yes the information I have . . . and I don't have it hospital by hospital and community by community. The Department of Health will have that. But the list of items that I have is . . . In the Department of Health, they were for hospitals and special care homes; Education, some university funding in regional colleges. In SPMC (Saskatchewan Property Management Corporation), tentative improvements for departments and SPMC internal requirements.

And there was some miscellaneous items, all of which were part of this money that the Provincial Auditor and the Gass Commission said to the government, there is no assets for which there is income to be repaying that with, other than money from the Consolidated Fund that come in the form of a grant.

And the recommendation there was, by those advisors — one of them a servant of the legislature — was since you have to pay for this even over a period of time, from grants from the Consolidated Fund, it should be a liability of the Consolidated Fund. And therefore it should be part of the provincial debt because in the reality that's what it is. And so that's why this conversion has been made.

Mr. Martens: — Mr. Minister, I want the list of the items and their dollar value: hospitals, 250 million; schools, 25 million; nursing homes, 75 million. That's what I was asking for. I was asking that the other day already.

Hon. Mr. Tchorzewski: — Sorry. I am told that it is as follows. Out of the 715 million for health, in the area of health, for hospitals, 460 million; special care homes, 20 million; universities, 164 million; regional colleges, 5 million; tentative improvements for departments, 16 million; SPMC internal requirements, 41 million; and the miscellaneous, 7 million.

Mr. Martens: — Would you mind sending me over that list please?

Hon. Mr. Tchorzewski: — I'll get the staff to write it up for you, and we'll get it over for you right away.

Mr. Martens: — I'd like also to deal with the Grain Car Corporation and your write-off on this. Why was it done at this point in time, the write-off of the \$35.9 million?

Hon. Mr. Tchorzewski: — Simply because that was . . . we had the independent inquiry into the state of the books, and the Gass Commission recommended that we do it at this point in time and we followed that advice.

Mr. Martens: — When was the Grain Car Corporation initiated its original debt?

Hon. Mr. Tchorzewski: — The people who are with me are far too young to be able to have the corporate memory for that, but it was about the middle . . . some time after the middle '70s. I'm sorry I can't give the member the exact year but it was in the '70s, late '70s.

Mr. Martens: — Was any of the debt accrued from SPMC prior to 1982?

Hon. Mr. Tchorzewski: — The Saskatchewan Property Management Corporation was established in 1986, and so all of the debt that is part of the Saskatchewan Property Management Corporation item that we're considering here was incurred since 1986.

Mr. Martens: — Mr. Minister, on health care of 460 million, special care homes of 20 million, universities 164 million, regional colleges 5, 16 for the department, where would you consider that the greatest amount of waste and mismanagement occurred?

Hon. Mr. Tchorzewski: — It's not a question of waste and mismanagement, and that's not the point that we're making in this particular case. It's simply a question of the Provincial Auditor for several years saying that the old system was an inappropriate way to place this kind of debt, and made a recommendation on the more appropriate way to handle it. And we have followed that recommendation. We sought further advice through the Gass Commission, and the Gass Commission also made that recommendation. So it seems to me that those are pretty good arguments of why the government should have and in fact did act.

Mr. Martens: — Well my point, Mr. Minister, is you ran the election on the basis that you were going to run this outfit with a lot less waste and mismanagement. And, Mr. Minister, here is the point that I want to make. You said all of these debts . . . in your budget you went through all of the waste and mismanagement, the horrendous waste,

and all of the things that went on.

And you know, Mr. Minister, \$460 million of that was spent in health care, in hospitals across this province, dealing with the kinds of things that . . . Our Minister of Agriculture stood in this House today and said we've got to have a reasonable concern for the safety of rural people in rural Saskatchewan. And, Mr. Minister, what we did because of your inept delivery of the health care system from 1971 till 1982 . . . you did nothing, almost nothing in delivering that health care component.

And as the member from Eston said yesterday, or was it the day before, the people from Eston have been told that very likely their health care facility will be closed down. And they personally put over \$1 million into that themselves. And you say over and over again, this is waste and mismanagement.

(1545)

Well, Mr. Minister, I don't consider it waste and mismanagement. I think it's prudent borrowings on the part of a government in a time to serve the needs of the people on an individual basis across the province of Saskatchewan. I think it was right. I thought it was right at the time. I think it's right today.

And, Mr. Minister, I want to have you tell me which hospitals in the \$460 million that were built from 1985 till 1992, which one is a waste? Tell me that. Which one of those in my constituency and across this province were a waste?

Hon. Mr. Tchorzewski: — Mr. Chairman, what I'm here is to deal with the Bill which provides a write-off for the Saskatchewan Property Management Corporation, of certain monies that were inappropriately accounted for.

The Provincial Auditor, and I have it here, said the following. He said that these financial statements should record losses as assets only when the loans can be used to discharge the government's liabilities or finances in future operations.

He also said that the loans can only be repaid when the government provides SPMC, a government organization, the necessary money according to loans. Accordingly the loans are not assets.

That's what we're doing here. We're not determining here which hospital facilities ought to be built or which ones are wise or not wise. We're simply putting the appropriate accounting systems into place so that it is done the way the advisors who advised this legislature say it ought to be made — and that's the Provincial Auditor.

Mr. Swenson: — The problem is, Mr. Minister, we might not necessarily disagree with the accounting procedure. It's the public stance that you and your government take on this issue. You're always taking these numbers and flowing them into a bigger picture of waste and mismanagement.

And the member from Morse quite rightly challenges you

say which of these hospitals, which of these university improvements, which of these regional colleges do you class as waste and mismanagement? Because your pronouncement when you take this 715 and the other write downs that you say that these independent bodies have recommended, that you take in the sense of establishing a better accounting method, and it's always attached to some larger political agenda. And that's the point that we find very offensive, Mr. Minister.

It's not arriving at an accounting system. If you're eventually going to change the accounting system of this province so that we go to a new basis, fine and dandy. But we think at some point you need to be a little more honest with people in your public pronouncements about the size of the debt and where some of it accrued from and how it is made up.

And otherwise, minister, you have to be able to go through this list and tell us which ones of those are, in your opinion, waste and mismanagement, so that we can then go back to the affected people and communities and talk about it in that way. That's the problem that we're having with your government. And we don't think that it's quite fair to compare like that.

Hon. Mr. Tchorzewski: — Mr. Chairman, I really have no comment on that. There's another place where the debate on what some people might or might not think is waste or was waste and mismanagement can take place.

All I'm providing here is something which apparently the member from Thunder Creek is in general agreement with. And that is providing in The Financial Administration Act the kind of amendments that are necessary to put in place the accounting systems which will clearly account for government expenditures — which is taxpayers' expenditures — so that it is clear and there are no questions, and so that the funds for expenditures on capital projects are, as a policy of the government under this government, expensed at the time that they are made. In other words, pay as you go.

That's how we're doing here. We're not here making judgements on the basis of projects that may or may not have been pleasing to some people or not pleasing to other people.

Mr. Swenson: — I'll read for the minister this issue that the auditor raised, and perhaps we can deal with it here:

In our work we see there are two key issues that pertain to the year ending December 31, 1991. The first is the removal of \$180 million or about \$180 million of debt from the financial statements of the corporation. And the second issue relates to the write-off of \$197 million of assets.

We have, in our examination, we have not yet seen the sufficient or appropriate evidence to support those write-offs, and we're discussing that with the appointed auditors.

That's in the Water Corporation, Mr. Minister.

Hon. Mr. Tchorzewski: — Mr. Chairman, that is . . .

Thank you very much. That is something that the auditor obviously is working out with the Saskatchewan Water Corporation, and we'll have to do that. But all I can say is that on that matter, is that the Consolidated Fund only records the financial assets on its balance sheet, not the physical assets. And the financial assets in these cases are loans to the Saskatchewan Water Corporation and not the physical assets which are owned by the Saskatchewan Water Corporation. The ownership and management of these assets is there.

So if there is — as the member was good enough to send over me a copy of the *Hansard* from the Crown Corporations Committee — some work that yet needs to be done between the auditor and the Saskatchewan Water Corporation, I have full confidence that it will be worked out in due course as under the normal time frame and the normal circumstances. And the answers will be there when that work is done.

Mr. Swenson: — Minister, you have said though that there were no physical assets that would contribute in any shape or form to the debt. Now the auditor seems to think that there are physical assets attached to this debt with Saskatchewan Water Corporation. Because he and the private sector auditor haven't been able to come to some type of agreement on the size of your write-down. And obviously if they can't agree on the size of your write-down, someone must feel that there's an asset that is worth more than the zero value that you're attaching to it or at least saying that there was no assets; therefore I had to take the entire write-down. Obviously there is a dispute between the private sector auditor and the Provincial Auditor as to that fact.

Hon. Mr. Tchorzewski: — Mr. Chairman, what we deal with here is what the accountants of the Water Corporation have reported. And in the Saskatchewan Water Corporation annual report for the year 1991 they say that:

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Saskatchewan Water Corporation as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

I don't think anybody argues with that. But if there are some specifics that the accountants for the Saskatchewan Water Corporation and the Provincial Auditor need to work out, that's where . . . they have to be worked out. If the Minister of Finance needs to be or can be of some assistance in those deliberations, he's prepared to do that. But I have every confidence that it will be worked out because that is clearly a direction that has been given by this government to our Crown corporations, to our departments, that they have to be accountable. They have to report openly and clearly and fairly, and I have no doubt that that's what's going to happen.

But that's a matter that I can't respond to. It's a matter that the Provincial Auditor and the Water Corporation will have to work out. And when the Water Corporation is before either this committee or in the Crown

Corporations Committee, I believe that they should have to account for any disputes or any differences that may exist, to those committees.

Mr. Martens: — Mr. Minister, what we're talking about here is a change of menu and a wilful decision on the Department of Finance to accept the accounting practices as outlined by Gass, and we have no problem dealing with it that way. What the auditor has a problem with is how you're going to deal with that and writing the assets down to zero. That's what he's got a problem with.

And what we're asking you, sir, because of your change in policy, you have to reflect some asset value. And he's saying to you that there are some asset values, at least that's what I gather from it. And now we're asking you, you had a specific change in policy to have the write-down occur. His observations were that you had \$180 million debt write-down and \$197 million asset write-down. The two numbers don't correspond either. He said there was \$142 million write-down in Rafferty-Alameda in the assets and a \$55 million write-down in assets in the irrigation projects around Diefenbaker Lake.

Now you explain to me and to the public of Saskatchewan, number one, why those numbers are different, why the auditor has a problem with it, and resolve that we're going to get this thing straightened out.

Hon. Mr. Tchorzewski: — I think obviously that's where the misunderstanding is. There is no dispute over the numbers. I don't think that the auditor is disputing. Even when I read the *Hansard*, that's clearly not the issue.

The issue that seems to be between the Saskatchewan Water Corporation and the Provincial Auditor — and I'm not even sure if it's an issue; it's a matter of something they have to work out — is a matter of accounting and how they will show the accounting of, for example, the Rafferty dam, how they will show that asset in their books. That's the issue there.

All that we're dealing with here is the writing off of the financial assets, the loan. And because there is no capability to earn the income or the revenue necessary to repay the loan, we've had to write down the financial loan off. Now we've not dealt with the assets. That's the Saskatchewan Water Corporation which is going to have to deal with that, and will appropriately have to record and report them with the advice of the Provincial Auditor in their financial statements.

Mr. Martens: — Mr. Minister, the question that he raises is first the removal of the 180 million or about 180 million of debt from the financial statement of the corporation. And the second issue relates to the write-off of 197 million of assets.

So he's got two questions he wants to ask you and we're asking on his behalf here today. Why the \$180 million write-off of debt, and why the \$197 million write-off of the assets? Two very simple questions that he asked.

And you're the Finance minister, and don't push it off on the Water Corporation. I think it's your responsibility

because you made a political decision that that's what you were going to do consequently from the Gass Commission report. And we're asking you to provide this Assembly and the people of Saskatchewan the opportunity to understand with us what you did.

The Deputy Speaker: — Why is the member for Saskatoon Broadway on her feet?

Ms. Atkinson: — I'd like to ask for leave to introduce some guests.

Leave granted.

INTRODUCTION OF GUESTS

Ms. Atkinson: — Mr. Deputy Speaker, I'd like to introduce to all members in the legislature two people who are visiting us today from the city of Saskatoon. Isabelle Nelson is in the west gallery and her husband, Randy Nelson, a former member of the legislature for the city of Yorkton, is seated on the floor of the legislature. I'd like to welcome Isabelle and Randy to the legislature and to the city of Regina. And I hope you have a safe trip home.

Hon. Members: Hear, hear!

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

Mr. Serby: — Thank you, Mr. Chairman. I too am asking leave to welcome Mr. Nelson.

Leave granted.

(1600)

Mr. Serby: — Mr. Chairman, I too, as the sitting member from Yorkton wish to welcome Randy, who was sitting in government for two years prior to my coming to the Legislative Assembly, and his wife, Isabelle. Both have been very strong supporters of mine and have assisted me throughout the term of the nomination. And I want to welcome them to the Assembly and thank them for their support and assistance during the time that I ran for the nomination and for the election here. Thank you very much.

Hon. Members: Hear, hear!

COMMITTEE OF THE WHOLE

Bill No. 50 (continued)

Hon. Mr. Tchorzewski: — Mr. Chairman, let me just provide a more detailed answer here. The breakdown of the total amount of the write-off in the Saskatchewan Water Corporation was total dollars of money borrowed for Rafferty-Alameda, \$168,819,683 less the contributions from the United States of \$24,988,958 for a total of \$143,830,725. Then on the irrigation side, the Riverhurst 10 million project, and the Lucky Lake project 20 million. And there were others for \$9,879,904. All of this totals up to the amount which was provided.

The member asked, what was the reason for the write-off. The reason for the write-off is because these assets — and they are assets; nobody's arguing that — are not able to earn the revenues to pay back the loan. It's not possible to earn those kind of revenues. That doesn't mean that the assets aren't there, holding back water or providing water for irrigation purposes.

What I understand the Provincial Auditor as saying — and I don't disagree with him — is that the Saskatchewan Water Corporation has to find a way to show those assets. We don't disagree with that. I think the Saskatchewan Water Corporation has to find a way to show those assets because they are assets. But that does not in any way take away from the fact that, even though they are there, they don't have sufficient revenues to pay back the loan. And so the issue here is the inability to pay back the loan and therefore the need to do the write-off.

Now I have no difficulty at all in resolving this issue. The Department of Finance is ready. And in fact I've already instructed while we are deliberating here, while you're asking the questions and making the comments, I've already instructed my staff to speak to the Saskatchewan Water Corporation to see what the problem is so that it can be resolved. And therefore I don't think there should be any difficulty. The private sector auditor will have to be involved in this resolve as well.

I don't question the fact that the Provincial Auditor, if that's what he's saying . . . And that's what we understand him to be saying. The Provincial Auditor is saying the Water Corporation has to have a way to show those assets. I think they should. And we'll have to find a way, or they'll have to find a way to do that.

Mr. Martens: — Mr. Minister, I'm not an accountant and I don't pretend to be. But in reviewing the item that the auditor brought forward, if you were doing it according to the method that I assume you're doing it with — you're taking the write-offs and doing them — you should take the \$183 million plus the \$197 million, add them together, and write it off. Because that's what you're writing off. That's the write-off of the debt and the assets in Sask Water . . . (inaudible interjection) . . . Well he says you're writing off the assets. That's what he said. I'm not misinterpreting it. He said: "And the second issue relates to the write-off of \$197 million of assets." I didn't say that; the auditor did.

Now under common accounting practices, you'd add the two write-offs together and say that's the total. Because if you write off . . . if you take your debt and write off the car value of your . . . the debt of your car, and then you take and write off the asset value, you should have to combine them together because you've eliminated both of them.

And that, Mr. Minister, is what the auditor says here. He wrote off both of them. And I'm not telling you what I think, I'm telling you what he said. Now you explain that to me.

Hon. Mr. Tchorzewski: — I think it's becoming more clear what the issue is here. First of all, it is true that the loans have been written off. For all the reasons I've given and for the interests of time, I'm not going to repeat those

reasons again. But the loans have been written off.

There seems to be a dispute between the Provincial Auditor and the private sector auditor because the private sector auditor seemed to have also written off the assets in the way that is reported here. I don't know why they did that. That's an argument that the Provincial Auditor and the auditor who does the Saskatchewan Water Corporation are talking about. And I don't understand why the private sector auditor would have written off the assets. We didn't write off the assets, they're there.

But we are prepared to intervene to see that this is corrected and we'll speak to the Provincial Auditor, find exactly what his concern is, and then follow up with the Saskatchewan Water Corporation and the firm that provides the audit for the Saskatchewan Water Corporation. Because I don't disagree with the member that this is a question that needs to be addressed and resolved and clarified.

Mr. Swenson: — Thank you, Mr. Chairman. Well, Mr. Minister, now that we've established that there's a problem that obviously has to be sorted out, I'm wondering why, now that we've established that we've got an asset that shouldn't have been written off, we both agree that we've got assets to deal with here . . . a quick calculation here, and I used very conservative numbers — small "c" by the way — on calculating the return to Sask Water from the various irrigation projects around Lake Diefenbaker, basis \$30 an acre which I say is quite conservative for water usage in those irrigation districts. And I come up with about a million and a half dollars.

Now a million and a half dollars has some ability to service debt. I'm wondering if you're saying a million and a half dollars couldn't service . . . and I'm not sure that that is all the money that would accrue to Sask Water because of the various agreements with towns and villages and other things. But out of that \$55 million write-off, how much debt could you have serviced even on the million and a half dollars?

Hon. Mr. Tchorzewski: — Actually none, because the information that I have is that the return that the member speaks of is barely enough to pay for the operating costs of these projects. There is no money therefore available for repayment of the loans which were incurred in the construction of these facilities.

Mr. Swenson: — Mr. Minister, most of those projects, whether it's done through PFRA (Prairie Farm Rehabilitation Administration) or through Sask Water, that was always — and I'm more familiar with the PFRA ones — done with a sinking fund that was done over about a 25- or 30-year period of time. And that money was set aside.

PFRA, the federal government, as you know is a big component. It's a 50-50 deal on these irrigation projects. And I think that there was some money available to handle capital costs besides ongoing operating. Is that totally wrong? There is none?

Hon. Mr. Tchorzewski: — No, there is no sinking fund or any kind of a fund with monies available to do this. Now

there may be in the PFRA. I'm not familiar with that. That's federal government. I can't report on that. But as far as the provincial projects that are involved here, there was no money set aside.

The only revenue and money available is that which is gained as revenues from the customers who pay, and the amount of return on that is just enough to pay for the operations of these projects and nothing else.

Mr. Martens: — Will you undertake, Mr. Minister, to explain to the Provincial Auditor the two items and the reasons why the decision was made in 1991 to write off an additional \$197 million over and above the 183 that you have listed here.

Hon. Mr. Tchorzewski: — I've given that undertaking already. We will undertake . . . I'll speak to the Water Corporation. I'll have my officials do that, and also speak to the auditor who audits the Saskatchewan Water Corporation to clarify this. I'm just as interested in getting it clarified as the member from Morse or the member from Thunder Creek. And as I said earlier, we will do whatever is required in order to make this thing clear.

Mr. Martens: — In relation to this, Mr. Minister, we have a debt . . . in the paper that you provided to us we have a debt of \$183 million from the Sask Water Corporation, which is the debt side of the Sask Water Corporation.

Then on the Saskatchewan Property Management Corporation, we also have a debt of 715 million. That was the same number as in the budget address that you made here. The 184 is in sense the same number. But what you have in this paper and what you have in your budget address is the difference between 875 million and 583 million in Crown Investments Corporation write-off. Now which is it?

Hon. Mr. Tchorzewski: — I'm told it's like apples and oranges. The 875 million was the debt transfer, the transfer of debt from CIC to the Consolidated Fund because the Consolidated Fund would have to pay for it eventually anyway.

The 583 million is the equity write-down, the total losses that the Crown Investments Corporation has incurred over its period of time. So they're two different items and therefore you will find them reported in two different places.

Mr. Martens: — Okay. Then I want to ask this question. Give me a list of the items in CIC. If the 583 is a different list than on page 4 of your book, then tell me which list I go to to find out where your 583 is.

Hon. Mr. Tchorzewski: — In the interests of time, the 1991 annual report of the Crown Investments Corporation, if the member wants to take note, on page 51 refers to the \$583.9 million that we're speaking of. And then it has the accompanying notes which provide all of the details and the list that the member's seeking. And it's been published and it's available there.

Mr. Martens: — Well, Mr. Minister, I don't have it on hand here today. Would you mind sending it over so that I

could review those items?

Hon. Mr. Tchorzewski: — Only on the condition that if I need this copy to refer to it again you'll bring it back to me, please.

Mr. Martens: — Well, Mr. Minister, I guess the interest on long-term debt, the interest on short-term debt, general, administrative and other depreciation, dividends . . . or pardon me, interest, I guess would be the items that would be occurring there, and you took and put . . . looks to me like most of the \$583 million is interest debt.

(1615)

Hon. Mr. Tchorzewski: — Let me try to take the committee through this. If you look . . . once again the member is looking at page 51. You start and you see what the income has been — \$121.579 million. Then there are expenses in which there are: interest — long-term debt, \$278 million; and interest — short-term debt; general, administrative and other; depreciation for \$287 million. And then the income loss would be \$165.484 million.

There's provision here — and you can find the explanation on that on note 12 — for decline in value of investments. Investments that were made have lost their value. That decline of value of investments were \$449.615 million; for a net income loss of \$615 million. There is some revenue because of reinvested earnings of \$31 million. You subtract that from that and you have a deficit that is being written off of \$583.947 million.

Mr. Martens: — Well, Mr. Minister, in order to have the \$583 million accounted for, it says there: interest in long and short-term debt. I find that easy to understand. The income and loss before the following — if that's the interest difference. And then the item in provision no. 12, it says \$449 million. Is there a list of those items that we need to take a look at and where are they?

Hon. Mr. Tchorzewski: — Thank you, Mr. Chairman. I can report to the committee, yes you can find them on page 61. And there's an item here, no. 12, "provisions for decline in the value of investments," and it ranges from Saskatchewan Mining Development Corporation to a CIC Industrial Interests to NewGrade, Saskatchewan Economic Development Corporation, STC, Sask Forest Corporation, and that's where you find the addition up to \$449 million.

Mr. Martens: — So, Mr. Minister, you wrote off in debt what your share and responsibility was in the upgrader at Lloydminster. Is that accurate?

Hon. Mr. Tchorzewski: — There is no provision here in Lloydminster; this is NewGrade Energy Corporation.

Mr. Martens: — So then this deals with the upgrader here in Regina. Is that accurate? Okay.

So you wrote off \$365 million in NewGrade, the Co-op upgrader? As I understand this, you wrote off 47 million in Weyerhaeuser and another 50 million in the P.A. pulp mill.

An Hon. Member: — You're on the wrong page.

Mr. Martens: — On the wrong page? That's item no. 12.

An Hon. Member: — Page 61.

Mr. Martens: — That's what I'm reading from. Yes, page 61. CIC Industrial Interests Inc. had 160 million at December, resulting primarily from the three investments as follows: 160 million loss you wrote off in the Bi-Provincial Upgrader, you wrote off in Weyerhaeuser, and you wrote off in the P.A. pulp mill.

My question I guess, in all of this is in all of your decision to write all this stuff off, you put interest, you put assets, you put debt, you put all of these things and you throw them all in a pile and say: whew, this is what you had for losses and this is what you had for a debt put forward in 1991-92 budget year.

And my point is that you're mixing apples and oranges all the way through the system. You're taking — just like the auditor pointed out — you're taking a debt and writing that off. You're taking assets and you're writing that off. You're taking interest and you're writing that off as a part of the debt.

And that, Mr. Minister, is where this whole thing has grown into a lot confusion. And that, Mr. Minister, is what we want to flush out. We're not here trying to point fingers. We're trying to find where these dollars went. Because in changing the role of accounting, you've got to deliver to us and to the people of Saskatchewan accurate figures. And that's what we want to find out.

Hon. Mr. Tchorzewski: — Well no, the answer is really quite straightforward, Mr. Chairman. The provision is for the decline in their value of each of these items. I repeat again; the provision is for the decline in the value of each of these items. You take a look, for example, on the Saskatchewan Transportation Company. The provision here is for a write-down of \$6.4 million. That's an outright loss that has been provided for. It's pretty straightforward.

Where do we get the advice on the basis of which to do this? By a report prepared by Ernst & Young on Crown Investments Corporation, April 1992. We sought the advice of some expert outside people, well-renowned and established North American firm, to give us the advice. On the basis of their accounting advice, we made those changes.

Mr. Martens: — Mr. Minister, we're not finished with the discussion on how these debt write-offs occurred in 1991, December 31 and March 31, because there's more on March 31. And we're not finished with that. And when we come to your estimates, Mr. Minister, we will want to know the details in every one of these areas about how you did the bookkeeping in relation to this.

And we want to know the functions of the interest, the functions of . . . and where that accrued from. We want to know the details of each of those areas. And when we get to your estimates, Mr. Minister, we're going to review that very thoroughly.

Hon. Mr. Tchorzewski: — In order that I am able to provide the member with the answers that he wants, I'm going to ask him to help. If you don't mind putting that down on a piece of paper, sending me a letter, I will make sure that when the estimates come before this Assembly, I'll have them for you in writing.

Mr. Swenson: — Thank you, Mr. Chairman. Because I believe this is the last committee that the minister has in today, I'd just like to thank the officials.

Clause 1 agreed to.

Clauses 2 to 4 inclusive agreed to.

Clause 5

The Chair: — There is a House amendment:

Amend section 5 of the printed Bill by adding immediately after the words "Standing Committee on Public Accounts of the Legislative Assembly" where they occur in clause 65(5)(a) as enacted therein the words "and to any member of the Legislative Assembly who so requests".

That was moved by the member for . . . we'll ask the member for Thunder Creek to move that.

Mr. Swenson: — Mr. Chairman, I got a letter from the Associate Minister of Finance saying that the necessary changes had been made and there was no need for the House amendment. I'll take the minister at his word.

Hon. Mr. Tchorzewski: — . . . the member from Thunder Creek for sending us a letter raising the issue, so we could get to it ahead of time.

We have consulted with the Law Clerk and he has provided information which says that this amendment isn't necessary. It's already provided for in another provision in the Act. So it's all covered for and therefore the amendment will not be necessary.

The Chair: — We stand corrected. There is no amendment.

Clause 5 agreed to.

Clause 6 agreed to.

The committee agreed to report the Bill.

Bill No. 35 — An Act respecting the Production, Supply, Distribution and Sale of Milk

The Chair: — Would the minister introduce his officials?

Hon. Mr. Wiens: — Mr. Chairman, I'm pleased to introduce to you Mr. Stuart Kramer, the deputy minister of Sask Ag and Food, on my right; and on his right, Stan Barber, chairman and chief executive officer of the Milk Control Board; directly behind me, Bob Ford, the administrator in the production and development, livestock branch, Sask Ag and Food; and on his right, Garry Moran, solicitor with the Department of Justice.

Clause 1

Mr. Martens: — Mr. Minister, would you provide to the committee a list of the members appointed to the Milk Control Board, not the individuals' name, but the lists of the individuals who are representing various groups and how they're appointed. Will you give us an explanation of that?

Hon. Mr. Wiens: — Mr. Chairman, there is in the Act no provision for a specific designation of members appointed, although it's been recent practice to have two producers and two others. The two others presently could be said, one, to be representing the consumers association, and the others at large but presently from the university community. But there is no direction with respect to how those four members are appointed, and then of course the chairman.

(1630)

Ms. Haverstock: — Thank you, Mr. Chairman. Mr. Minister, in clause 11 of this Bill, you'll be able to make regulations, and I quote:

... prescribing terms and conditions on which any person or category of persons may distribute in any area prescribed by regulation ...

Mr. Minister, why is it that you feel you need the power to make these regulations which would otherwise be made by the board?

Hon. Mr. Wiens: — Mr. Chairman, thank you for the question. The Act presently provides no direction to the Milk Control Board with respect to the designation and conditions under which milk control areas are established. This does provide the opportunity for the Lieutenant Governor in Council to create conditions in the public interest relative to, for example, maintaining rural development initiatives, economic development initiatives so it allows conditions to be established that are in the public interest, where presently there is no direction given the Milk Control Board in that regard.

Ms. Haverstock: — Thank you, Mr. Chairman. Mr. Minister, I've reviewed the previous Act, and no similar section in that Act allows the minister to make regulations that the board itself in the past made. And what's the point of having such a board if what is able to happen is an undermining of its authority and its autonomy?

Hon. Mr. Wiens: — Mr. Chairman, there is no interest in undermining the authority of the board. The authority of the board is retained. And this discussion has taken place with representatives of the industry broadly. They agree with the changes, and they are the ones whose interest attempts to be managed by the Milk Control Board.

What occurs here is the opportunity for the Lieutenant Governor in Council to establish beyond the decisions that the Milk Control Board might in its mandate consider to be legitimate decisions, a broader public interest perspective by the government with no particular interest in weakening the powers of the board.

Ms. Haverstock: — Thank you. Am I to understand then that in consultation with people who you consider to be most concerned about this particular Act — they will be most affected by it — that you've been in consultation with them, and it was upon their recommendation that this was changed?

Hon. Mr. Wiens: — There is an exception, is there? There's one and then there are all the others?

Mr. Chairman, respecting that there may be exceptions, we have had discussions with the dairy producers co-operatives who represent all producers in the province — that does not mean they're all of one mind but they do represent them — and with the milk producers association, and they're in concurrence with the direction outlined in this respect in this Bill.

Ms. Haverstock: — Thank you, Mr. Minister. I hope you will be willing to table the names of the individuals with whom you met, the dates that you met, and the topics of conversation so that in fact I have some assurance that this was indeed the case, that this was their decision to make this change.

Hon. Mr. Wiens: — Mr. Chairman, I can't tell the member opposite the moment exactly the records available from the meetings that were held. The department can document the particular meetings that were held with the dairy producers. I had met with the chairman of the milk producers and on a number of occasions through consultations on supply management issues in general, and consulted on this topic on some of those occasions.

So I don't know whether in fact ... and I can check my schedule to see if there was ever a specific meeting set up for that purpose, but clearly we can provide the names of the leaders of those organizations if you wanted to check with them with respect to their concurrence.

Ms. Haverstock: — Thank you very much, Mr. Minister. Did you consider the possibility that this Bill may be left outdated by changes, once the General Agreement on Tariffs and Trade go through? In other words, should the agreement be signed in the future, I think what needs to be considered here is that a GATT (General Agreement on Tariffs and Trade) agreement may render milk regulation boards a thing of the past. And I know that that's something that people don't want to talk about in our nation. But I'm just wondering if, in your deliberations with people who have expertise and are going to be affected in this province, if you were prepared for such an eventuality.

Hon. Mr. Wiens: — Mr. Chairman, I'm willing to be corrected if I've missed a fine point in the understanding. Clearly, depending on the outcome of GATT negotiations, there could be impacts in time on the way the Canadian system is structured.

The proposal presently about which milk producers and other supply-managed producers are expressing concern is the provision in the Dunkel proposal that border patrols would be converted to tariff barriers which might begin

by being possibly 2 or 300 per cent of trading values of product, but that could over time erode. I'm not aware that there would be any defined impact until the erosion occurs to the point where it affects the way we can compete. And then of course there would be an impact.

But there are additionally struggles going on within the supply-managed commodities in Canada with respect to distribution of quota. There are discussions going on constitutionally around interprovincial movement of goods, and I think all of those discussions possibly could have more direct impact on the internal mechanism than the GATT negotiations themselves.

Ms. Haverstock: — Thank you, Mr. Chairman. Mr. Minister, I'm actually thinking about the need to be anticipatory with . . . more anticipatory with this Act rather than at some point having to be reactionary and going against your own Act.

Aside from the prospects of a GATT agreement, there are a lot of other competitive pressures. And changes in consumer preference, for example, pressures from within are going to lead one to suggest that it might be advantageous I think for the province to be looking at a prairie-wide alternative, a prairie-wide board as an alternative to a provincial one that is posed here.

And, Mr. Minister, if I may just . . . if you'll indulge me for a moment. The co-op dairy is building a Saskatoon plant, raising the question of whether it should be forced to keep many less efficient plants open. The Beatrice group received permission to use the milk barn in Prince Albert, threatening the co-op monopoly. And I've been told that Beatrice may eventually begin hauling milk into our province.

All of these pressures may make our system of heavy controls very, very difficult to sustain. And while these restrictions are obviously going to bring us short-term benefits in this province, they are going to be threatening our long-term potential to maintain and create jobs in the milk industry.

So if we don't make it possible to adjust now, our industry may be left at the mercy of outside forces which is what we don't want to have happen. So given these pressures, will you please consider the possibility of creating a prairie-wide board with your colleagues in Alberta and Manitoba.

Hon. Mr. Wiens: — Mr. Chairman, appreciate the question. A number of themes are raised within it. First of all, the Act, the new Act is not an entrenchment of anything destructive to the industry. It is a modernization of an Act that has not been rewritten in 58 years. Similar ideas were brought forward in terms of a rewriting of the Act in general in the late '80s. And so it is an attempt in fact to modernize the Act.

The other themes though that are raised . . . I just want to correct the perception that somehow in the provisions in this Act, that they are restrictive. They are not. The milk control areas presently provide that licences must be granted within them in order for people to sell milk.

The fact that the Dairy Producers Co-op several years ago built a very modern plant in Saskatoon makes them capable of probably processing most of their Saskatchewan production in that plant should they so choose. So there is nothing unmodern or uncompetitive about their structure.

But they do represent producers across the province and it is the will of the producers and the will of the communities within which producers are functioning and within which plants presently exist to continue to process milk in those locations because it is in fact decentralized economic activity. It in many ways is very efficient because there is existing investment that's very valid investment.

(1645)

To change from the present structure to a different structure means many producers would be placed at a disadvantage in terms of transportation costs to a more centralized location. So there is the freedom for dairy producers to centralize and do whatever they want is there.

On the issue of joint provincial activities it was . . . there was a substantive discussion going on between the co-ops of the western provinces some time ago to consider one large dairy producing unit in order to place themselves in a strong position relative to marketing and other agencies. Those have not gone forward at this time. But like other amalgamations, those kinds of centralizations of management don't put dairy plants any closer to farmers.

And so I think the issue of where the plants locate continue to be issues of primary interest to producers. And through this Act they continue to be able to have an influence on that through their own company that operates a number of plants. And this is the reason why producers have supported the amendments . . . or the construction of the new Act, very much providing for the flexibility they need.

Ms. Haverstock: — Thank you. I just have one last, short comment to make. And I guess what I'm looking for here is some kind of assurance that the government has a plan of looking into the future. And that in fact there are going to be contingencies in place that will deal with outside factors. I do believe that it's the responsibility of government to be anticipatory about potential issues.

And we know that it hasn't caught up to politicians yet, but telecommunications systems are being looked at in joint ventures. We know that environmental policies are being examined. We know similarly that energy policies, as you would note in both *The Globe and Mail* and local papers today, are being looked at in terms of interprovincial agreements. And I think that it makes some sense to be able to look at this in that context as well.

Now I know that the member from — Where are you from? — Morse has given some indication to me that some of these things have

been tried in the past. And I guess my sense is that simply because some things have been looked at and have not been helpful to us in the past or have not proven to be successful, perhaps we have to look at a different combination of what would make it successful.

But what concerns me most, Mr. Minister, is that we have in Saskatchewan a way of being able to ensure that in the long term we have a viable industry. And I know that when people are in short-term pain or when they're fearful of being able to just simply survive, that they will go with short-term solutions that in fact may mean that we will end up with nothing in the long run. And I think we'd be far better off to anticipate some of these problems.

Hon. Mr. Wiens: — Mr. Chairman, thanks again for the opportunity to respond to a number of concerns. In terms of interprovincial co-operation, clearly as a government since we've come into office, we've engaged in a number of discussions with the other western provinces because we have common interests and we need to build on that base. Because clearly there's an interest not only in western Canada but in all of Canada to maintain services and economies here that are independent.

We have seen the kind of destructive and game-playing exercises of our American neighbours. While they pretend at free trade and pretend at non-intervention and may even be publicly apologetic about seemingly unfair intervention, they go on *ad nauseam* undermining our pork industry, our vegetable processors, anybody they can get their hands on, by game-playing — our beef industry, by playing games with inspections at borders. So clearly there is an interest in having us within Canada strengthen our rules and our practices to be competitive with people that don't always do the same as they talk.

The issue of modernizing the industry . . . I think we have, through the co-operative movement in Canada — very much led by Saskatchewan — we have demonstrated we have an ability to work together to provide very, very modern approaches to management and production. Whether we look at Sask Wheat Pool or the Dairy Producers or Federated Co-op, these are institutions that have adjusted to changing times, that have been leaders. If you look at Sask Wheat Pool in secondary processing, in supporting alternate ventures to grain, they have made the tough choices, as Federated Co-op did a few years ago, in order to adapt to a declining economy.

The Co-op's demonstrating, in creating the very modern plant they have in Prince Albert and the very modern plant they have in Saskatoon, have demonstrated that they are at the forefront in terms of dealing with technology and processing needs. And the fact that they have engaged in discussions in the western provinces on amalgamating, demonstrate that they are ready to take the actions necessary and we are willing to respond to their needs in that regard.

What they are not willing to do, as other dairy producers in Canada are not willing to do at this point, is to roll over and play dead on the GATT and trade issues. They believe that it is in our interest to maintain ordinary farm-based milk production, to maintain the kind of supply-management system we have.

It doesn't make them any less competitive or any less energetic than others. It simply says that we have adapted a system here in Canada that everybody across Canada continues to favour. It has some difficulties right now in terms of the adjustments to changing circumstance in milk consumption and those kinds of patterns, but it is nevertheless a system that producers across Canada continue to support very strongly as evidenced by the meeting that was held in Saskatoon earlier this winter especially on that topic, by demonstrations at our joint federal-provincial meeting in Ottawa this winter as well.

Producers value this system. They certainly are looking in an anticipatory fashion to the future that may be different, but they certainly will not roll over and play dead to it. They will do everything they can to maintain the system that has given them the strength in the Canadian market-place that they've had. And they clearly have an ability to look forward if other eventualities emerge because the federal government allows them to happen.

Mr. Martens: — Thank you, Mr. Chairman. I want to ask a couple of questions about specific items in the Bill, but because it's comparing one with another, I hope I have the freedom to do that.

Item no. 11 on page 7 deals with the Lieutenant Governor in Council making:

. . . regulations prescribing terms and conditions on which any person or category of persons may distribute in any area prescribed by regulation by the Lieutenant Governor . . .

Would you explain to me the regulations you plan on putting in place, give some background as to what you're intending to put in there for regulations?

Hon. Mr. Shillington: — Thank you very much, Mr. Chairman. If this doesn't offend the opposition, I will give the minister an opportunity to consider that question, and he can answer another day. And I'll move the committee rise and report progress and ask for leave to sit again.

The committee reported progress.

THIRD READINGS

Bill No. 49 — An Act to amend The Mortgage Protection Act

Hon. Mr. Shillington: — I move this Bill be now read a third time and passed under its title.

Motion agreed to, the Bill read a third time and passed under its title.

Bill No. 50 — An Act to amend The Financial Administration Act

Hon. Mr. Shillington: — Mr. Speaker, I move this Bill be now read a third time and passed under its title.

Motion agreed to, the Bill read a third time and passed under its title.

The Assembly adjourned at 4:58 p.m.