

The Assembly met at 2 p.m.

ROUTINE PROCEEDINGS

READING AND RECEIVING PETITIONS

Deputy Clerk: — According to order, the following petitions have been reviewed, and pursuant to rule 11(7), they are hereby read and received:

Of citizens of the province of Saskatchewan humbly praying that your Honourable Assembly may be pleased to cause the government to reverse its decision to eliminate the farm fuel rebate program.

Of farmers and citizens of the province of Saskatchewan humbly praying that your Honourable Assembly may be pleased to allow the 1991 GRIP program to stand for this year.

Of citizens of the province of Saskatchewan humbly praying that your Honourable Assembly may be pleased to cause the government to reverse its decision to eliminate full coverage and universal access to chiropractic treatment.

INTRODUCTION OF GUESTS

Mr. Kowalsky: — Mr. Speaker, it's my pleasure to introduce to you, seated in your gallery, Mr. Vic Unruh who is here as a visitor from Calgary. Mr. Unruh was a secretary-treasurer for the Prince Albert School Board and several other school boards before that, and has gone through several ministers of Education, and is interested enough in education to return to this place after his retirement. And I want the Assembly to welcome Mr. Unruh . . .

Hon. Members: Hear, hear!

Ms. Atkinson: — Thank you very much, Mr. Speaker. I also want to introduce a guest who is visiting the legislature from Saskatoon. I'd like to welcome Hugo Alvarado, who is a well-known Saskatoon artist, to the legislature today. Hugo is formerly a citizen of Chile. He is active in the political community in this province, and he is active in the culture of this province through his art. So welcome Hugo to the legislature. And I'd ask you to stand.

Hon. Members: Hear, hear!

ORAL QUESTIONS

Changes to Health Care

Mr. Neudorf: — Thank you very much, Mr. Speaker. I want to direct a few questions this afternoon to the Minister of Health. And to begin with, I would like to indicate to the minister that I'm very disappointed that you used a trick this morning to avoid answering questions in question period today. Putting an embargo on your health plans until after question period is over is a little bit cute by half, I would suggest to you. But will

honour that embargo and not ask direct questions on that particular aspect.

But I do want to say to you, Madam Minister, that we have frequently, over the last while, talked about your so-called wellness model. Madam Minister how much money do you anticipate in saving with your imposing of this plan?

Some Hon. Members: Hear, hear!

Hon. Ms. Simard: — First of all, Mr. Speaker, the member opposite can ask any questions that he wants, and I'm available to attempt to answer them. The fact . . . the health care reform that we will be initiating or that we are initiating today in this province is going to encourage communities to come together on a district basis in order to co-ordinate and integrate their health care services. And in the process of doing this, over the long term it will bring more programming to many of our rural communities, Mr. Speaker.

And so I will be telling the members opposite that what is at stake here is the future of our health care system in the province. And the system needs reform. And there's absolutely no question that stakeholders support that concept throughout the province, and that became obvious in the press conference today.

We will be asking the members opposite to join with us to provide for the future health care needs of our citizens and of our children and our grandchildren, and that is the intent of the health care reform today.

Some Hon. Members: Hear, hear!

Mr. Neudorf: — Madam Minister, as regards the embargo, you know full well that an embargo placed on news releases and news conferences are valid until such time as the embargo can be lifted, which is 2:30, which is immediately following question period. It's as simple as that, Madam Minister.

And I ask you again, how much money is this so-called wellness program, a model of yours, going to save the Saskatchewan taxpayer, or do you have no concept of that? Has there been any analysis done? How much money, Madam Minister, is this model going to save the Saskatchewan taxpayer?

Some Hon. Members: Hear, hear!

Hon. Ms. Simard: — The members opposite can ask whatever questions they want, Mr. Speaker. There is no embargo on the questions that they can ask us. The fact of the matter is, is that as we proceed through the reform, there will no doubt be cost efficiencies created in the system because there will be duplication removed and co-ordination of services.

We also want to see the system bring a higher-quality health care services to many of our rural communities because we believe that with a larger critical mass — and in this case we're talking about districts of approximately 12,000 but it could be more or less depending on what

the communities want and what works for those communities — we believe that through the development there will be more programming brought to our rural Saskatchewan. This reform is not for the purposes of saving major amounts of money.

The Speaker: — Order. Next question.

Some Hon. Members: Hear, hear!

Mr. Neudorf: — Mr. Speaker, it's becoming patently obvious by what the minister means that I can ask any question that I want, that there are no restrictions, because she has her answers prepared. It doesn't matter the question that I'm asking; she's got her answer written out in front of her and she's going to answer her political rhetoric.

Madam Minister, that's all you're doing. You have not even attempted to answer my question. Have you done an analysis? Is there a study that you have done? What are the ramifications of the implementation in the forcing of your wellness model upon the people of Saskatchewan? How much money is there going to be saved? Have you done a study? And, Madam Minister, if so, would you table it for the people of Saskatchewan to see?

Some Hon. Members: Hear, hear!

Hon. Ms. Simard: — The member opposite should quit acting like a spoiled child because that's what he's exhibiting here in this Assembly — a spoiled child.

This health care reform is driven by the desire to provide high-quality health care services to our rural residents. You are implying that it's being driven in order to cut costs left, right, and centre. And that's not accurate.

We are going to be moving into communities. It'll be community development at a developmental pace, and it'll be a developmental process. It will be for the first time in the history of this province: community deciding what the needs, the health care needs are in their community. That's what this health care reform means to Saskatchewan people.

Some Hon. Members: Hear, hear!

Mr. Neudorf: — Thank you, Mr. Speaker. Madam Minister, that is simply not good enough. That is simply not good enough. We have you here on your MCIC (Medical Care Insurance Commission) Bill that's going to de-insure chiropractors. It's going to de-insure optometrists. Now, Madam Minister, your stock answer there was that you had inherited a fiscal problem — that it was fiscally driven.

Now, Madam Minister, what I'm asking you right now is to tell us that this fiscally driven wellness model is designed to save money for the treasury and for your colleague sitting beside you, the Minister of Finance. That's what's driving this. It's certainly not a wellness model as such.

Madam Minister, is there no study that you've done? Is there no study on the impact, the ramifications of this

wellness model?

I'm asking you: what does that study show, assuming that you've done that? And how much money is going to be saved by the taxpayer in the implementation and the imposing — the imposing — of this wellness model upon the people of Saskatchewan? Now just answer that question, would you please, Madam Minister.

Some Hon. Members: Hear, hear!

Hon. Ms. Simard: — The member opposite obviously doesn't understand community development. He doesn't, and I'm not surprised. For 10 years they were in government and they had no vision and they had no future for the people of Saskatchewan. In fact they did what they could to destroy the future of Saskatchewan for Saskatchewan people.

Health care people throughout this province have been working on health care reform for over 10 years, and some of the stakeholders said that this morning. For example, one of them said they greeted this reform with extreme relief that after a decade of urging government we were finally . . . someone was moving with the reform, finally.

This reform is long overdue. I urge you, instead of being negative and trying to destroy everything, to join with the stakeholders and the rest of Saskatchewan to put into effect a high-quality health care system in our province.

Some Hon. Members: Hear, hear!

Mr. Neudorf: — Thank you, Mr. Speaker. A new question to the same minister. Madam Minister, you talk about vision. We talked about vision of the health care system just a few days ago in this Assembly. And what are the optometrists telling you about your vision for Saskatchewan, Madam Minister? I ask you that question.

Many times in this Assembly, Madam Minister, you have said that you guarantee — and you did this this afternoon as well — that you guarantee public input before any substantive changes are made to Saskatchewan's health care system. Do you stand on that, Madam Minister?

And I ask you now then: will you today, this afternoon, right now, commit to full public hearings involving all parties of this Assembly before making any further dramatic changes to the health care of this province? Will you commit to full public hearings, Madam Minister?

Some Hon. Members: Hear, hear!

Hon. Ms. Simard: — The member opposite has one objective, and that is to be political and obstructionist, Mr. Speaker. And let's just speak to enhanced funding in the health care budget for programs like home care and community therapies, for programs like family planning and an AIDS (acquired immune deficiency syndrome) strategy, for programs like SADAC (Saskatchewan Alcohol and Drug Abuse Commission) and northern health and community-based services. There has been an enhancement of many of these programs in the budget and I think it's time for the members opposite to realize

that.

Yes, we are left with a financial mess. There is no question about it. But this government is not sitting on its hands and burying its head in the sand. It's not. It's moving ahead with a reform that is going to lead to higher-quality health care services for Saskatchewan people. This is positive. It's supported by the stakeholders. And there are communities throughout this province that want us to get on with it because they're ready to get organized.

Some Hon. Members: Hear, hear!

Mr. Neudorf: — Mr. Speaker, new question to Madam Minister, who accuses me of becoming political. Heaven forbid that I become political in this forum. I wouldn't want to do that. I apologize for that, Madam Minister, it must have been a slip on my part.

Madam Minister, we're going to talk about public meetings. You say you have public meetings. I've been at your public meetings. I was in Eastend, Madam Minister, and I saw what type of input people could have when you send bureaucrats to do your bidding to a public meeting, and how that public meeting is being controlled to get the end result of what you want. And we're going to be discussing that, Madam Minister.

But Madam Minister, your MLA (Member of the Legislative Assembly) from Shaunavon publicly made a commitment on your part to the people of Eastend who were worried about losing their hospitals, losing control of medicare in their area. Madam Minister, he made the commitment that by the middle of August you would be there in person answering the questions and the concerns that those citizens have had. We're past the middle of August, Madam Minister. What are you going to do to meet that commitment?

Hon. Ms. Simard: — We are going to be having meetings throughout the province with people who want to be involved in moving immediately with respect to the health care reform. We will be having meetings in other communities that may not be as ready as others, as time goes on. Those meetings will take place. We have already had a lot of meetings and a lot of consultation and that will continue. That is one of the commitments in our paper. It is developmental. We are asking communities to come together. We will be going out and talking to them, and we will be having meetings.

I'm sure the member will be there trying to create as much trouble as he can; there's no question about it; trying to undermine what he knows is absolutely essential for Saskatchewan, and what he knows has been recommended in a number of different forms for people throughout the years — for at least 10 years or longer. Stakeholders have been . . .

The Speaker: — Next question.

Some Hon. Members: Hear, hear!

Mr. Neudorf: — Madam Minister, you just finished saying it's absolutely essential. Why is it absolutely essential? Budget driven — your fiscal responsibility; is

that it, Madam Minister?

Now, Madam Minister, a quick question. You have more or less admitted in that last response of yours that it's absolutely essential that we do this, that it's a budget-driven, fiscally driven exercise, this wellness model on your part. So, Madam Minister, I've asked you the question once before. Mr. Speaker, how much money are you going to save? And you refused to answer that question. Well then, what are your expenditure-reduction targets, Madam Minister?

Hon. Ms. Simard: — The members opposite have been unable to get doctors to many rural communities. They've been unable to get dental dentists to many rural communities. They have been unable to get therapists to rural communities. And what we're doing with this health care reform and why, it is absolutely essential that it is time that our rural communities obtain some of these services.

And if we can organize on a district basis with a critical mass of 12,000 or more — it could be less but 12,000 is the recommended minimum — if we can organize on that basis, the likelihood of us getting more doctors out to rural Saskatchewan and more health professionals out there increases substantially.

Some Hon. Members: Hear, hear!

Mr. Neudorf: — Madam Minister, I'll give you one more opportunity. First of all, how much money is this going to save? Secondly, what are your potential reduction of expenditures involved in the wellness model?

Some Hon. Members: Hear, hear!

Hon. Ms. Simard: — This health care reform is about better health care — about better health care.

Some Hon. Members: Hear, hear!

Hon. Ms. Simard: — Now, I don't expect the member opposite to understand that because he was in government for over 10 years and never understood the need to move more health professionals out of our cities into rural Saskatchewan, because they did nothing about it.

They didn't understand the role that health care reform and co-ordinating and integrating services could play in improving the quality of health care. And the Leader of the Opposition should be ashamed of himself . . .

The Speaker: — Order. Next question.

Some Hon. Members: Hear, hear!

Mr. Neudorf: — I'll tell you what this is all about. Your wellness program is about this. It's about the utter betrayal to the people of Saskatchewan by the NDP (New Democratic Party) government. Utter betrayal. That's what we're talking about, Madam Minister. The utter betrayal.

You talk about health. What about the optometrists?

What about the chiropractors? What about the diabetics? What about the drug plan? And you talk about our better health care system. Madam Minister, we are talking about the utter betrayal of the health care system by this so-called NDP government that's concerned about people.

Madam Minister, that's what we're talking about. That's what we're talking about. When you were in government . . . or in opposition, you promised more money for health. You condemned a 4 per cent increase by us. Now what are you doing? The utter betrayal. You've got a 4 per cent reduction on health. That's where the hypocrisy comes in, Madam Minister. That's where the hypocrisy is in.

Madam Minister, through your wellness program, how many rural hospitals are going to be closed?

Some Hon. Members: Hear, hear!

Hon. Ms. Simard: — Mr. Speaker, the member opposite has said this health care reform is a betrayal of Saskatchewan people. That's what he said. Is he then saying that the SHA (Saskatchewan Health-Care Association), and SUN (Saskatchewan Union of Nurses), and the College of Physicians and Surgeons, are betraying Saskatchewan? Because they have made statements to the effect that this is a positive document and that they support health care reform in the province. Are they saying that these stakeholders are betraying Saskatchewan?

Some Hon. Members: Hear, hear!

Mr. Neudorf: — Mr. Speaker, I would like to tell Madam Minister that this side, that the opposition has never been against health care reform or rationalization of the system. I have always been saying, yes there must be that. We have to recognize that, Madam Minister, but not on the backs of the sick and not on the backs of rural Saskatchewan. We are saying, Madam Minister, you've had choices. And the choices that you're making are not those that are supported by the masses of the people in this province. That's what we're concerned about, Madam Minister.

Madam Minister, what has changed since you so loudly and so self-righteously opposed these changes while you were in opposition? Now that you are the Madam Minister, what has caused you to change your mind?

Some Hon. Members: Hear, hear!

Hon. Ms. Simard: — The member opposite knows that we have continuously supported the need for health care reform. Many of the things that we objected to, for example in the Murray Commission report, are not in this document. Murray suggested regions of 40,000 to 80,000. We are looking at districts of approximately 12,000; they could be larger, they could be smaller.

Murray suggested that the department should go in and draw up a map and tell Saskatchewan people what the boundaries are. We are saying communities will make that determination. And that's what communities asked

throughout the province.

Murray said that there should be a 5 per cent tax levy on the municipal property tax base. We have said we will meet with SARM (Saskatchewan Association of Rural Municipalities) and SUMA (Saskatchewan Urban Municipalities Association) and SASCH (Saskatchewan Association of Special Care Homes) and the SHA and we will discuss that and determine what we're going to do with respect to funding.

And I can continue with the differences between this document and former documents that were proposed, Mr. Speaker. We listen to the people. And the concerns that were being expressed from rural Saskatchewan . . .

Some Hon. Members: Hear, hear!

The Speaker: — Order. Order. Next question.

Mr. Neudorf: — Mr. Speaker, I think Madam Minister is trying to do a little sleight-of-hand work here about what she has said at one point and another.

Madam Minister, back in 1990 you said: I do not like the Murray Commission regional proposal. I do not like that proposal; it goes too far. That's what you said. Because it had seven planning districts — and you are now conveniently rolling those seven planning districts as if those were district boards, Madam Minister, and you know full well that is not right. Each of those had 35 — 5 times 7. I mean each of them had 5, which would be 35.

What have you done, Mr. Minister? You have now indicated that you're going to be having 20 to 25 district boards. You're completely in contradiction to what you said at that time. And that's the point that I've been trying to do this afternoon, Madam Minister — show your inconsistency.

I asked you a little while ago what caused you to change your mind from the time you were in opposition to the time you were in government. I did not get an appropriate . . .

The Speaker: — Order. Does the member have a question? Ask a question please.

Mr. Neudorf: — Madam Minister, you targeted 66 hospitals for closing. Today in your book you said that there would be 67. Instead, Madam Minister, I'm going to ask you whether or not the minister believes there will be any significant hospital closures resulting from her vision of Saskatchewan health care?

Some Hon. Members: Hear, hear!

Hon. Ms. Simard: — We have not changed our mind, Mr. Speaker, with respect to health reform. We had brought out a document in November, 1989, that follows much along the lines of the document we have now, which had been fleshed out a little more, that talked about community input, community involvement and a community-driven health care system. And that's what we have in our vision for health care. So we are going to be asking communities around the province to organize

on a district basis, to co-ordinate and integrate services.

And with respect to small rural hospitals, these communities will discuss whether or not they want to keep all the acute care beds that are there, or whether they may want to move to an integrated facility, or whether there is some other option they may wish to choose.

The fact of the matter is, is communities are going to be making these decisions in the future of our health care system in Saskatchewan.

Some Hon. Members: Hear, hear!

Mr. Neudorf: — I'd like to pick on Madam Minister's last point. You are saying now that the communities are the ones that are going to have the decisions as to where the boundaries of these districts are going to be. You're also saying that they have the decision within their hands as to whether they're going to close their community hospital or open it. You're saying now that Eastend, for example, is going determine that yes, we're willing to give our hospital up; we're going to close our hospital because then it can go into Shaunavon.

Are you, Madam Minister, that naïve that you think that the people of this province are going to actually do that? Or is your purpose now just to take away your responsibility, put it on the shoulders of the district boards, and blame the people themselves? Are you actually creating disunity within this province, Madam Minister?

Some Hon. Members: Hear, hear!

Hon. Ms. Simard: — Mr. Speaker, I believe that communities in Saskatchewan are very co-operative and will want to come together as I've witnessed in the last few months.

I know the members opposite will be trying to make it impossible for communities to come together and implement health reform. I'm aware of that. But in spite of your obstructionist nature and your desire to ruin the possibility of improving the health care system for Saskatchewan people in the next few years, in spite of that this government is going to proceed with asking communities to come together to determine their needs.

And I believe that in the Saskatchewan way communities will co-operate. They will co-operate and make these decisions that are positive. I have faith in the people, Mr. Speaker. I have faith in the people.

And the fact of the matter is, with respect to small hospitals, I've already heard from communities that like some of the options that are available and that the government can help them provide.

Some Hon. Members: Hear, hear!

Mr. Neudorf: — My honest, considered opinion, Madam Minister, of that is that it's a bunch of gobbledegook that you just put forward here.

Mr. Speaker, today is the day, in my opinion, that the NDP gave up their mantle of defenders of medicare.

This is the Minister of Health who's presiding over the NDP's own self-destruction in the health care debate. You started, Madam Minister, by imposing moratoriums on nursing homes and hospitals back in the 1970s, and now you intend to complete that process by blackmailing local boards into doing your bidding.

The Speaker: — Order. The member from Rosthern has a lot of competition from his own leader and from the Government House Leader, and I wish they would give him his opportunity to ask his question.

Mr. Neudorf: — Thank you, Mr. Speaker. I appreciate that. Now, Madam Minister, you're intending to complete the process by blackmailing local boards into doing your bidding. I was in Eastend and I know all about it. Madam Minister, if local boards do not accept your model, your demands, will you assure this Assembly that the level of funding to such boards will not be decreased in an effort to blackmail them?

Some Hon. Members: Hear, hear!

Hon. Ms. Simard: — Mr. Speaker, I'm going to once again ask the members opposite to rise above their pettiness and to join us in the second generation of medicare in this province. I'm going to ask the members opposite to put aside their political rhetoric and to join us in moving to a new generation of health care that's going to . . .

The Speaker: — Order. I've asked the Leader of the Opposition — now this is the second time today — please not to interrupt. Order.

Hon. Ms. Simard: — Mr. Speaker . . .

The Speaker: — Order. Now I'm hearing some voices from over there. I'm not quite certain who it was over there, but I think it was the member from Shaunavon. He can correct me on it, but I believe it was.

Hon. Ms. Simard: — Thank you very much, Mr. Speaker. I'm going to ask the members opposite to join us, to join us in this health care reform to developing a high-quality health care system for Saskatchewan people that incorporates a vision of a broad definition, a broad concept of health care that allows us to bring more therapies and more services to our rural communities and more doctors to our rural communities over a period of time as we go through this process and develop the second generation of health care.

Some Hon. Members: Hear, hear!

The Speaker: — Order.

Does the minister have leave to make a ministerial statement? The minister may proceed.

(1430)

MINISTERIAL STATEMENTS

A Saskatchewan Vision For Health

Hon. Ms. Simard: — Mr. Speaker, I am pleased to table a paper entitled, *A Saskatchewan Vision For Health*. This document provides the conceptual framework for the first major updating of our health system since medicare was pioneered here 30 years ago.

I want to acknowledge and thank the hundreds of individuals, organizations, and communities whose input and suggestions over the last eight months have contributed to this paper and the ideas it sets forth.

There are two main principles underlying this new approach to health: the concept of wellness as the goal of health services, and the community control of health care delivery. This will mean a new emphasis on community-based services and more integrated approach to providing locally sensitive health services and the establishment of strong, local control structures.

Mr. Speaker, we will be taking steps to enable communities and health boards to begin organizing themselves into health districts. These new health districts will assess health needs in their communities and prepare plans for meeting these needs. They will receive control of the health budget available for their area, together with the authority to make their own decisions and manage integrated health services within their boundaries.

Mr. Speaker, our government will take the leadership at the provincial level, in part through a new health council, while we invite communities and health boards to begin thinking of how they can integrate and deliver services under their own control through health districts. And we invite families and individuals to join us in an approach to health care that emphasizes healthy life-styles leading to an improved quality of life.

Saskatchewan people are ready for a new approach to health services and how they are delivered. Indeed some areas of the province are already doing things presented in this paper. We must now empower the innovators and clear the decks for those who want to apply the Saskatchewan spirit to a revitalization of our health system.

This document is a conceptual framework. Its purpose is to set out a vision and some of the strategies through which it can be realized. We plan to begin immediately to work with communities and health boards across the province to implement the new concepts. I invite all members of this Assembly, as representatives of the people, to be a part of this important process.

As we work together toward wellness, we can enjoy better health and also insure a high-quality, revitalized, and secure health system for the future. Thank you.

Some Hon. Members: Hear, hear!

Mr. Neudorf: — Mr. Speaker, the Minister of Finance, I guess, summarized more eloquently in a few short words than I could in half an hour what we have just witnessed, when he said, history in the making.

And I say to members opposite, that is exactly . . .

Some Hon. Members: Hear, hear!

Mr. Neudorf: — That's exactly the point. And the more the Moose Jaw . . . the loose jaw from Moose Jaw hollers from the background and the more they try to cover their tracks with their . . .

The Speaker: — Order, order. There was no interruption when the Minister of Health made her statement. And I expect all members to give the same courtesy to the member from Rosthern.

Mr. Neudorf: — We're well used to the idea of the members opposite covering their tracks by a lot of loose rhetoric when the time comes when they've got themselves into a bit of quandary. And, Mr. Speaker, the nonsense that the minister just read out in a loosely prepared text for the implementation for their wellness program I think indicates to the people of Saskatchewan just how loose this wellness program really is.

But again, Mr. Speaker, to me and I'm sure to most of the people in Saskatchewan, it is the complete betrayal of what they thought that the NDP stood for. During the election, Mr. Speaker, and during the election campaign, we were constantly reminded that we will be doing more with less, that we will be spending more money on health. And what I was trying to do, Mr. Speaker, during question period is to elicit from the minister any response regarding the studies that this government has done as to the full impact that this so-called wellness model is going to have on the people of Saskatchewan.

And, Madam Minister, I sincerely remind you now that it is not obstructionism on our part; it's not simple-mindedness on our part when I get up and ask you these questions. Because, Madam Minister, it's the people of Saskatchewan who are responding to your initial report on the wellness model that I leaked to the people of Saskatchewan. And the only difference between that model and to your final product here, Madam Minister, the only difference is that the original had at least some meat to it. The original at least had some of the details. That was the bureaucratic document that you thought you would be able to get away with.

Now in response, after the people had a full look at that document, you come up with a document that's full of political rhetoric and very, very little else — very little else. And in response to the questions that the reporters were asking you during your news conference, was very little else — no substance, no meat. I don't think, Madam Minister, that you have really thought this thing through. Certainly not the ramifications of what you're proposing here, you have not thought through.

Now you say that we're getting up for political points. Madam Minister, what I'm telling you is that we're responding to the people of Saskatchewan. Haven't you taken note? Have you not taken note, Madam Minister, of the petitions that have been tabled here, how many thousand . . .

The Speaker: — Order, order. Order. The member has

taken considerably longer than the minister has taken and I wish he would wrap up his statement on the minister's statement.

Mr. Neudorf: — Thank you, Mr. Speaker. Madam Minister, I simply want to tell you this. When we were in government we had the Everyone Wins program, a program designed to emphasize healthy life-styles. You ridiculed that. You said that every penny that we spent in trying to get the people of this province to live . . . to lead healthy life-styles, you said that was totally unnecessary.

Now you have the whole fabric of the health care system in Saskatchewan devoted to wellness. Madam Minister, again why are you making those kinds of changes? That's what the people of Saskatchewan are asking.

The Speaker: — Order. Order. Order. Why is the member on her feet?

Ms. Stanger: — Mr. Speaker, before orders of the day, I would ask to have leave to make a statement of interest to everyone in the legislature.

Leave granted.

ANNOUNCEMENTS

Congratulations to Sergeants-at-Arms

Ms. Stanger: — Thank you, Mr. Speaker. I want to congratulate our Sergeant-at-Arms, Mr. Bill Goodhand, in becoming the president of the Canadian Association of Sergeants-at-Arms.

Hon. Members: Hear, hear!

Ms. Stanger: — We are all proud of the high calibre and professionalism of our employees in the legislature. Will the members of the legislature please join me in saying: well done, Bill.

Hon. Members: Hear, hear!

Mr. Neudorf: — Thank you very much, Mr. Speaker, and I would certainly want to join in with the member who has just spoken in congratulating Bill. I've gotten to know Bill over the last six years or so, and I know that his exemplary duties performed in this House, in keeping order in this House, and assisting the Speaker in doing so, has been of the highest calibre. And certainly the opposition, Bill, would like to join in on congratulating you on your achievement.

Hon. Members: Hear, hear!

ORDERS OF THE DAY

GOVERNMENT ORDERS

COMMITTEE OF FINANCE

Consolidated Fund Expenditure Economic Development Vote 45

The Chair: — I would ask the minister to please introduce his officials.

Hon. Mr. Lingenfelter: — Mr. Chairman, I'm pleased to introduce my staff who are with me here today. First of all, Deputy Minister Frank Hart, who's seated to my right. And immediately behind Mr. Hart is Bill Allcock, the associate deputy minister with responsibility for diversification programs and operations, and immediately behind me, Sharon Roulston, executive director of internal operations.

The member opposite has given to us, Mr. Chairman, a list of questions. I'm just not sure how we want to handle that. But I look forward to a debate that I think will go on until 5 o'clock, and then at that point, because of prior considerations and commitments by the deputy minister, we will then move on to other items for the evening.

Item 1

Mr. Boyd: — Thank you, Mr. Chairman. Mr. Minister, welcome to your staff.

We supplied the minister with a list of written questions that, if he would be so kind to send them over, we would appreciate that and then we can deal with them as we go along.

Hon. Mr. Lingenfelter: — We'll send those across to you.

Mr. Boyd: — Okay, thank you. I think what we had in mind was, we'll go through those questions after we receive them and see if there's any answers that we don't feel are adequate and then further add to them later.

Mr. Minister, you've made a number of public statements suggesting that there are 700 companies at this point in time that are looking to diversify into the province of Saskatchewan. I'm wondering if you could provide us with a list of those 700 companies and how many of them have been . . . or how many of them have indeed set up operations in Saskatchewan.

Hon. Mr. Lingenfelter: — The member opposite indicates that we have talked about 700 companies that either intend to or have inquired about moving to Saskatchewan, or companies, Mr. Chairman, internal, who are looking at expanding. There would be more than that at the present time. But I want to say to the member opposite, obviously there are confidentiality parts to this where many companies who are looking at expansion or looking at potential of moving to the province, obviously don't want their names bandied about in the legislature or in the media.

But the commitment I would make to the member opposite, that if you were to make arrangements I would certainly sit down with him and confidentially go over the list of hundreds of names of businesses that are indeed looking at expanding or in fact the potential of moving to the province.

I can get you a list of a number of companies that have already, since November 1 of last year, expanded in the province, and I will undertake to get you a list of those.

There have been many, as you might expect, who over the summer-time hired up extra people. This is not new or different. I think during any period of time there are hundreds of businesses looking at coming to the province or expanding in the province.

And I guess I'm a little interested in why the opposition members are surprised that there would be hundreds of businesses either looking at coming to Saskatchewan or expanding. We're pleased with the numbers, but I don't think it's unusual.

(1445)

Mr. Boyd: — Mr. Minister, it comes as no surprise to the opposition that indeed companies would be looking at Saskatchewan for expansion. I'm just wondering if the minister could give us a list of any company that he had talked about that have come to Saskatchewan since November 1.

Hon. Mr. Lingenfelter: — As I mentioned to the member opposite, I can get for you a list of those companies that have expanded here in the province and who have come to Saskatchewan that we are aware of. Obviously the department may not know of every company that has expanded or moved to the province. But those that we can, and not break confidentiality for these companies, I will arrange over the next while to get for the member.

Mr. Boyd: — So what you're saying, even though there are 700 companies that you have suggested wanting to actively set up operations in Saskatchewan, you're not aware of any.

Hon. Mr. Lingenfelter: — That isn't true, Mr. Chairman. What I said to the member opposite is that we have said that we have had 700 — and I want to make this clear to the member because he seems to be picking one part of the statement I made — but there are 700 companies that are looking at expanding in the province or coming to the province.

And you keep saying: where are the 700 that you said were coming to the province? I want to make it clear to you that the commitment and the statement made has been 700 companies looking at expanding or moving to the province.

And there are a number of them that have expanded already. IPSCO you know about, building a new 24-inch mill for building pipe in Saskatchewan. You'll be aware of that. You'll be aware of Hitachi in Saskatoon, expanding here in the province, many community bond corporations that are expanding in the province; the Norquay alfalfa plant that has been opened recently.

And so there are many companies that are expanding. And there are many, many companies that are looking at the potential of moving to Saskatchewan.

Mr. Boyd: — Mr. Minister, I wonder if you could tell us how many new jobs have been opened up after those few, those companies you talk about have moved to Saskatchewan.

Hon. Mr. Lingenfelter: — The member will want to know that 21 new projects that have been completed, of those, 890 jobs created. From the Business Resource Centre, about 770 jobs created, 371 saved. And in total throughout the province where we have had some involvement: new jobs, 1701; jobs saved, 936; for a total of 2637.

Now obviously there are many, many new jobs that are created where the government has no involvement — where you'll have . . . In fact I guess it's fair to say the vast majority of jobs in Canada and in Saskatchewan will be created by private entrepreneurs and farmers or business people simply going out and hiring extra people.

And what we want to make clear here is that there is a role for the government to be involved in job creation, but it certainly isn't the total responsibility of government, just as it wasn't under your administration, to create all the jobs.

That would seem like a premise that wouldn't be accepted, certainly by a right-wing party like your own, where the government should be the organization creating all the employment. Because if you believe that, then you're not a Conservative but a socialist or something other than someone who believes that jobs could be created by the private sector.

Obviously we believe very much in the mixed economy, that is that private sector will create many jobs in Saskatchewan, that the co-operative movement will create jobs, i.e., the jobs created in downtown Regina with the second tower being built by Credit Union Central. And if you drive down there you'll see a new crane that has just either gone up or will be going up in the next little while, building adjacent to the first tower at Credit Union Central yet another tower. That is an initiative that has been started since the election.

Obviously the member opposite shouldn't feel bad that that is happening under a New Democrat administration. This is a co-operative that you shouldn't take responsibility for or we shouldn't take credit for. The simple fact is that it's a co-operative doing well in Saskatchewan, even in these tough times, showing confidence in the economy, that they will go ahead and build a second office tower with the hundreds of years of employment that that structure in the construction phase will take, and then either saving or creating new jobs.

So there are hundreds of jobs being created in the province. I think the important thing to note is that the labour force in Saskatchewan is larger now than it was a year ago. And while we're not taking credit for it, we're certainly pleased that that's the case.

Mr. Boyd: — Mr. Minister, I wonder if you could give us a list of the companies then that you have had direct government involvement with in the jobs associated with them.

Hon. Mr. Lingenfelter: — The member opposite will know that in his question, Mr. Chairman, he wants to know all of the companies where we have had

involvement where jobs may have been created. This is . . . I can do that for him. But he would have to realize this will take some time, because there are literally hundreds of companies that do business and will have expanded since the election, in terms of our Crown corporations, that will have done contracts with small private sectors in the rural underground cable for SaskPower, the construction of compressor plants along pipelines.

And if the member's asking for all these hundreds of companies that will have hired up as a result of government initiative or government programs, I can do that. But it would be a very, very long list of companies and it would take a fair bit of work. If you want it I'll do it. But you have to realize that this will take some time. Because in Saskatchewan, where we have a number of major players in the economy that have government impact: SaskTel; SaskPower; SGI (Saskatchewan Government Insurance); SaskEnergy; and then many of the government-owned companies; along with the Department of Agriculture; Department of Rural Affairs; Department of Economic Development; Social Services; Justice probably have some contracts they sign with business people; that this will be a very, very huge task. And if your attempt here is to prove that we haven't created any employment or aren't doing any business, this will result in, I think, disproving your theory that government isn't very, very active in creating employment right across the piece. I can do it for you, but you have to know it will cost thousands of dollars to do the research and put together the lists and compile them. And I'm not sure just where you are wanting to take this.

Mr. Boyd: — Well, Mr. Minister, you said that out of 21 new projects, there's been 890 jobs. Seems to me, out of 2,100 projects that wouldn't be all that difficult, to provide us with that list.

Mr. Minister, I would appreciate it if you could provide us with a list of where those 890 new jobs are that you've claimed to have created.

Hon. Mr. Lingenfelter: — The 21 new projects completed were just those that our department had involvement; your question was where government has had involvement. But I will get you the list of . . . You're asking for what government has been involved . . . I'll get you the list of . . . as best we can.

But it will be a massive undertaking and it will be hundreds of projects where we have involvement through our government agencies and departments. And basically, although there's turnovers every year, it will not show 890 jobs but will literally show thousands of jobs where government, through its procurement in payments . . . And I say again, this is nothing new. This happens year after year after year in Saskatchewan where we have significant Crown corporations where thousands of jobs are created each year in terms of government involvement in the economy. And I'll undertake, Mr. Chairman, to get that for you.

Mr. Boyd: — Mr. Minister, if you misunderstood the question, I'm sorry. But the question was simply, in your department you have suggested that you have created 21 new projects and 890 jobs and I'd appreciate the list of

those jobs and those projects.

Hon. Mr. Lingenfelter: — I'll get you that. As I prepare the figure list, we'll get what we can of those as well, and we'll be inclusive in getting you that project array.

Mr. Boyd: — Okay. Mr. Minister, I want to deal specifically with a few examples of economic diversification in the province that I think the government should be taking a very close look at, and ones that I'm sure you're aware of.

We'll start with the Saska Pasta project in Swift Current. What is the status of that project?

Hon. Mr. Lingenfelter: — The member will be aware that Saska Pasta, as it was structured under their government, came under the purview of Crown Investments Corporation and that our department is not involved in — as I understand it — actively negotiating that project. I can give you a brief outline, as I know it, although the better person to ask this question of would be the minister in charge of Crown Investments Corporation.

And, Mr. Chairman, I'm just not sure when it comes to questions that are not under the purview of the department but under the purview of a Crown corporation, how much detail I have to go into. But I would say that the project is very, very much wanted by the people of Saskatchewan, in particular the people of Swift Current. And obviously the arrangement, funding arrangement that we have made with business projects in the province since the election is that we insist that the private sector money go into the deal and then commitments by the government come forward, and that funding arrangements and share structures are in such a way that two things happen.

One, the project goes ahead with the jobs and the beneficial spin-off, and at the same time the taxpayers who are putting their money in — your neighbours and friends and family who put the money into these projects — are protected.

And that's the mandate of our government. We made a commitment to change the style of investing which hitherto has been the taxpayers taking the lion's share of risk and others taking the lion's share of profits when they occurred. And if failures occurred, the taxpayers taking the full amount of the loss.

We're saying, if we're going to do joint ventures then if there is success, we should all share in the success. And if there are losses and the companies don't work, then the private sector investor should be on the hook at the same level and the same rate as the other people putting money in.

Now that wasn't the case prior to the election. The people who took the risk in many of these projects, whether it was GigaText or Supercart — and I don't want to go through them, all of those that failed — Trinitel in Melville, it was the taxpayers' money that was put at risk first and the private sector was there as a back stop but was not on the front line.

Now I think we have an agreement with business people and with the business community that when we do deals — and I think they very much respect this — that the taxpayers' money goes in only after the private sector money is in the deal.

My knowledge of the Swift Current arrangement on Saska Pasta is we're waiting for the private sector money to come forward and be put into the deal.

(1500)

Mr. Boyd: — Well, Mr. Speaker, it's interesting to note that you suggest you are . . . that the questions would be better asked in another department . . . to another department, yet it's clearly a project that has economic development potential in the province, and therefore I would expect that you would be aware of the details of the project and should be aware of them.

And I'm wondering, Mr. Minister, if you could tell us to date what the cost to the taxpayer of Saskatchewan is involved in that project?

Hon. Mr. Lingenfelter: — The member opposite will know on the items of questioning, Mr. Chairman, and I had asked you to listen closely, but this is a project being done by a Crown corporation — Crown Investments Corporation. And while I am aware of it, just as I'm aware of things happening in SaskTel where I'm not the minister in charge, I can answer questions on SaskTel and Crown Investments Corporation. But the member opposite should realize and understand in government that there are structures and organizations that are responsible for certain projects.

I say again, when it comes to Saska Pasta, that is not in the purview of Economic Development but it comes under the purview of Crown Investments Corporation. I obviously don't have that information with me because it doesn't fall within the purview of my department. But what I can get for the minister . . . or the member is a commitment that I will arrange for the minister responsible to prepare him a briefing note, and I think that will satisfy the need.

Mr. Boyd: — Thank you, Mr. Minister. I wonder if, along with those pieces of information, you could give us, with respect to Saska Pasta, is the number of jobs that are expected to be involved, the amount of taxpayer dollars that are expected to be involved, the amount of dollars of investment the total project will realize.

While we're on the topic of Saska Pasta, though, I wonder if you could give us your impressions of pasta production in Saskatchewan and whether you think that it's a plan that could have benefits for the province.

Hon. Mr. Lingenfelter: — I think in the area of pasta production or upgrading any of the cereal grains like durum wheat or oats that are grown in Saskatchewan or malt barley or even pearling barley, any of these products that can be upgraded and add value to them on the way through Saskatchewan is obviously something that we will try to do. When it comes to meat production, the same is true as well. If we can add value to them as they go

through the system, it's very, very good news for Saskatchewan.

So I think on that obviously you and I would agree. I don't think there's any disagreement at all between members of the opposition and members of government that if we can have a pasta plant in Swift Current and it's viable and there's private sector money in the deal at risk — same as the money from taxpayers — if there's a market for the product and if the project is firm, we have every, every ounce of effort being put into that project to make it work because I think it's good for Saskatchewan. And we will keep you posted very closely on the deal because we're obviously interested in making it work.

But having said that, we obviously want to be careful that the deals we make are going to be successful. And that is that there's a market for the product that's being produced; therefore a market plan has to be produced.

And on the other side, that the investment is structured in such a way that the private sector is putting in their money and putting it at risk. Because that's what private business is all about; that's what free enterprise is all about. And I believe in free enterprise, so I think people should have the opportunity not only to make money, but obviously have the opportunity to lose it as well.

And in many deals that were structured with the government in the past few years in Saskatchewan, it wasn't free enterprise. Because the private sector had no opportunity to take the risk of losing money because that was being covered off by the taxpayers. That's not free enterprise. That's something else. That's some other kind of economics, and we reject that.

And the business people are telling us that they very much respect this new approach to economic development in the province. That when we do deals, that the private sector — where we do joint ventures — that we share in the risk and we share in the profits and we create employment.

So the deal is such that we want it and we want it very badly, but we're not going to put only taxpayers' money in the deal because we think the private sector has to be involved and take the risk as well.

Mr. Boyd: — Mr. Minister, you tell us about your commitment to the Saska Pasta project and yet we don't see any tangible proof of that commitment. In fact in the Swift Current Booster dated July 27, '92, columnist Mr. Peter Godfrey, he suggests that you have shown very little commitment to the project. And I'd like to just quote this short article about it:

The Hon. . . . (minister opposite) is about as far from being a good economic development professional as the earth is from Mars. Never in a month of frosty Sunday afternoons would a pro, like Cheryl Thompson here in Swift Current, make doomsday comments about a multi-million dollar project like Saska Pasta until the last cat was hung.

(The minister) . . . seems personally hell-bent to see this project die for Swift Current. Why?

Because it was a Tory deal? Or does he want it to go elsewhere? Ruin it for Swift Current and built it up somewhere else.

As said in last week's column, there's a good plan underfoot by people who care about this project — which we sincerely hope our provincial government does — plus the private capital is in place. The business-people involved have spent seven years researching this project and it seems illogical they suddenly wouldn't have a market. On and on.

Last words said — let's wait and see and put some faith in the process which, by and large, usually works; and let's hope the government of Saskatchewan believes in Swift Current as much as (those) . . . who live here do.

Mr. Minister, is it your contention that you would like to see the project in Swift Current die, as this columnist suggests, and move elsewhere? Or do you indeed have a commitment to the Saskatchewan Pasta project in Swift Current?

Hon. Mr. Lingenfelter: — As I indicated to the member earlier, Mr. Chairman, we have a commitment to value added production of food products in Saskatchewan. And I want to make it very clear. And if you're talking to Mr. Godfrey, you may pass this on to him that we're very, very committed to the idea of producing pasta in Swift Current if the deal is as we have outlined, that is, that the private sector money is in and at risk, and the marketing plan is such that there is a market. Maybe you could, for us, tell us the company that Saskatchewan Pasta is going to be selling the pasta to. You may have information that I don't have.

But I want to tell you that the idea that your member from Melville had of building telephones in Melville — and we now have many telephones built. There's questions about whether they work or not — but there's certainly no place to sell them to. And you would know as well as I do that it's very, very important to have a marketing plan in place. Once the money arrangements are made and the private capital is in and if there's a marketing plan that shows that this project is feasible, I am very, very committed — and I know our government is — to value added products in the province.

Mr. Boyd: — Mr. Minister, earlier on in the spring you and officials of your department took a trip to New York. And part of the reason for going to New York, you suggested . . . and I understand you took a gentleman from the Saskatchewan Wheat Pool, Mr. Loewen, I believe it was, with you. And one of the reasons that you were going was to find markets for pasta production.

Now you're suggesting that if I know of any markets for pasta production that I should come forward and tell you. Mr. Minister, I think that's part of your responsibility, and that was exactly part of the reason why you suggested you went to New York. I wonder if you could update the Assembly on your trip to New York with respect to pasta production, what companies that discussions were held with with respect to pasta production.

Hon. Mr. Lingenfelter: — The member will know that our

trip that we undertook in terms of being Minister of Trade, was to do a number of things.

One, we attended a meeting in Washington with Julius Katz, who is the second in command so to speak to Carla Hills when it comes to trade. And we spent a day dealing on trade issues in Washington, that is, with the NAFTA, North American Free Trade Agreement, being very much of the final stages.

We took an opportunity to meet with Bill Merkin, the chief advisor to a number of people on trade, and came away with much greater understanding on the issue of the North American Free Trade Agreement, the U.S. (United States)-Canada Free Trade Agreement, as well as GATT (General Agreement on Tariffs and Trade) negotiation.

And for members of the Assembly I think it's fair to say that from the U.S. perspective, they are less than optimistic that there is going to be a great deal coming out of the GATT negotiations over the coming year. In fact I think it was even more pessimistic than that. When it came to the Free Trade Agreement, I think it's obvious to say that the American government is relatively high on the deal and see it as very importantly necessary to two trading partners as close as Canada and United States.

We obviously indicated to them that we had problems if any of these trade agreements would impact adversely on the Canadian Wheat Board or the Western Grain Transportation Act. And we wanted to let them know that in their push under the Free Trade Agreement, the Canada-U.S. Free Trade Agreement, that they would have a great deal of trouble dealing away anything that would weaken the position of western farmers as it relates to the Canadian Wheat Board or the Western Grain Transportation Act. So that part of the meeting was very informative, and I thought useful.

When it came to other trade issues in New York and Pennsylvania and New Jersey, the other three states that we attended, the debate was around trade in Saskatchewan food products. We met with people who were importers of peas and lentils and honey and chocolate and a number of other products that we produce in Saskatchewan. And we made some arrangements whereby these people who are brokers in New York and the north-eastern United States would and could come to Saskatchewan.

And I believe — I can confirm this with my deputy — but I think there will be those who will come here during this harvest season for the first time to look at the crop harvest in Saskatchewan because we believe, and here not being critical of the previous government or any government, but that we should have much more hands-on with our brokers in New York and other parts of the world and coming to Saskatchewan to understand our system and actually how easy it is to move product, whether it's wild rice or fish out of northern Saskatchewan, into these highly populated areas, that there's a huge market. And so the brokers that we met with were very interested in what we had to offer.

The other thing was tourism, we're looking at ways and means of making our trade office . . . and Mr. Michael

Cohen who runs the trade office in New York is very, very committed to doing what we can to see if we can appeal to and get more tourists to change their habit of going to northern Quebec and northern Ontario to come through Denver or through Minneapolis to Saskatchewan to fishing in northern Saskatchewan.

The other part of the trip, as you have indicated, was to meet with several companies that deal very directly with pasta. And these companies — and I can get you more detail on them — were CPC International, which is a large broker in pasta products in terms of manufacture of pasta; Nestlé's which is a world leader in pasta, as well; Hershey's from Hershey, Pennsylvania — we spent an afternoon at their head office in Hershey. They manufacture many pasta products.

And also Campbell's. Campbell's, although many will not be well aware of this, but in Campbell products they consume many, many thousands of tons of pasta products when it comes to making soups and mixes and those kinds of things.

(1515)

And our reason for discussing that with them was exactly as you indicate: to find out from them whether or not any companies from Saskatchewan had approached them; what the arrangements might be in terms of selling our product into that market because they are right across the United States, and in fact in many parts of the world. So it was an education process for us, as well as for Mr. Loewen from the Wheat Pool who attended several of the meetings.

I thought it was very, very worthwhile. In fact, on the area of trade, obviously much of the work and consultation that we did helped us formulate the policy of the provincial government. When it came to products, I believe, we've already signed a lentils contract as a result of our trip to New York.

And when it comes to pasta, obviously as this deal progresses to fruition — and I'm very, very hopeful that the Swift Current plant will be successful — we'll have a much better understanding of that market when it comes to the distribution and sale of pasta products.

Mr. Boyd: — Mr. Minister, I wonder if you would provide us with a complete list of all companies, all companies you were in contact with on the New York trip, as well as all companies that you've had any contact with, you or your department, with respect to pasta production in the Saska Pasta project in Swift Current.

Hon. Mr. Lingenfelter: — Yes, I'll provide that list of the . . . sort of an outline of the agenda that we had while we were in the United States for that five or six-day period.

Mr. Boyd: — You mentioned that there was a lentil contract signed while you were there or shortly after your trip to New York. I wonder if there were any other sales or sales orders made on behalf of your department or any other company in Saskatchewan.

Hon. Mr. Lingenfelter: — The member will know that

these contracts are confidential, so obviously I'm not about to give contracts because they're made not between the government but between the broker in New York and the company in Canada.

But here again the member, if he would like to confidentially come talk to me, I can provide him, in a confidential basis, with the amount of the number of pounds or tonnes of the lentils and seed contract that was arrived at.

Mr. Devine: — Thank you, Mr. Chairman. I wonder if the minister, in his conversation with respect to pasta and lentils and other projects, if he could give us information on who he sold the lentils to and whose lentils they are and if there was any potential for other people contracting lentils and how could organizations — the pulse growers or farmers or other people — get access to that information.

The second question is — obviously there are people who have looked at markets with respect to pasta, and we had talked about this before — and did the minister take anybody with him that knew much about the pasta market? And secondly, frankly if he didn't, does he anticipate travelling or exploring or taking people in the private sector — whether it's those that are interested in the Swift Current project or others — to more fully develop the analysis of the market for, what we have as information, that 2 to 3 per cent growth in the United States pasta market which, as the minister knows, is a large population. Somebody's going to fill it.

So as much information as possible on the lentil market, and then are you going to do more on the market side in terms of pasta?

Hon. Mr. Lingenfelter: — I think those questions that the member from Estevan puts are very valid and good questions because the simple fact is — he will know having been minister of Agriculture and Food for a number of years — that having market for the product is absolutely essential when it comes to building plants or factories, whether it's Impact Packaging in Swift Current or whether it's Trinitel in Melville or whether it's Hitachi in Saskatoon, that oftentimes it isn't a question of whether you can make the product or not but it's the end use.

And what made the Hitachi project in Saskatoon successful was the fact that we had a power plant being built that could at least consume the first amount of production that would then give them room to move on into the world.

What made some of the other projects not work — Trinitel being one of them — is that the market plan, many argued, was simply not, was simply not right. Austrak tractor in Weyburn is another example of, I think many would argue, not making sure that all the detail of marketing and financing were in place.

So I want to make it very clear to the member opposite that we're very interested and excited about the Swift Current project and we agree with you that the pasta production and consumption in the western world is increasing and we believe there is a niche that we should

fit into.

The key is, though, that you have to know that with the export enhancement program that there is discussion that you can export durum from North Dakota to Turkey, use the export enhancement program as a lift on your . . . or a deduction on your durum that you export, manufacture it in Turkey at very much lower levels of salaries, and then ship it back into the United States and lay it into the United States at a very competitive rate with somebody making that pasta right in a small town in North Dakota where it was produced.

And so we want to make sure that when we're investing hundreds of thousands, tens of millions of dollars in these projects, that all of the marketing plans are in place, that the financing isn't in such a form that the taxpayers take all the risk and the private sector merely stand by and accept profits when profits are made.

These two main things, the member opposite will be interested to know, we're watching very, very carefully. We want the plant. And I'll tell him that as sincerely as I can. That if this is feasible — that we can produce pasta in Swift Current — that the taxpayers will not be at a disadvantage in terms of their position of investment versus the private sector, and if the marketing is in place, I will very much want that plant and our government very much wants it in Swift Current. Because as a resident of south-west Saskatchewan for a long, long time, with many of my friends and neighbours who produce durum in that area, we firmly believe that value adding that product makes all the sense in the world.

And what we want to do — we're committed to it — make sure the deal is right, so that the plant in two or three or four years doesn't go the way of some other plants because we didn't do the marketing strategy right. Or if it does go the wrong way, that the taxpayers are at a disadvantage as to the way the structure of the deal is made.

Mr. Devine: — Well fair enough, Mr. Minister. I asked you if you could give us information on who you sold lentils to, and who provided them, and if more people can get access to that market, and what the pulse growers would like to have access to, and if anybody else. So, who went along to sell the lentils? Who did you sell them to? How were they marketed? Who delivers the lentils? And who owns them?

The second thing is: are you doing any more research on the pasta? Have you planned any market research on pasta? If in fact the United States market is increasing — and I'm sure your people have the estimate . . . but pasta consumption is increasing significantly in the United States. And it's a big population, and we are big durum producers. You are. I am. And lots of people who are in agriculture. So it is a market. Now that's very important.

Third, let me point out that we all understand values of markets. The Saskatchewan Wheat Pool has, with an American company, very good market for malt; looked at it very carefully. And expansion is going well, and the privatization went well. Americans are happy, and Saskatchewan's happy, and people in Biggar,

Saskatchewan are happy.

The same applies in alcohol; markets are there. Mohawk Oil is happy, Lanigan feedlot is happy — at least with the FeedGAP still there — and the Wheat Pool is happy.

Other people are looking at those markets — you mention Hitachi. The same with fertilizer — huge demand for Saskatchewan-based fertilizer. That's why that plant's going to be very profitable. Those market analyses are done.

My information leads me to believe that there is a very large and growing pasta market. Now we're in the business of durum in Saskatchewan. So I'm asking — not only on the lentil contract that you had, who you sold it to and whatever — but have you done similar analysis . . . have you taken similar kinds of people on the pasta market analysis? Have you even invited the man from Montreal who wants to do this to say, all right, let's the two of us get over there and look at the, whatever market it might be, from the west coast to the east coast because you have opportunity to do that. That would be encouraging to people who want to see us process durum wheat here in Saskatchewan. So would you respond to those two specifics?

Hon. Mr. Lingenfelter: — The member opposite asks the name of the company that we sold lentils to, and obviously this is not the way the . . . I mean, I didn't go there with lentils to sell. The deal was structured between a broker in New York and a broker in Saskatchewan. And what I make a commitment to do is to go to them and if they have no problem with making that public, I will certainly do that. Or I can certainly do that on a confidential basis with the member opposite.

When it comes to increased pasta production or increased telecommunications production or increased power production, the member opposite will know that there is no guarantee that because, for example, people are using more telephones, that that's going to make a telephone plant in Melville successful. And he will be well aware that it's more complicated than that; that he's oversimplifying it by saying: people are using more telephones, therefore we're going to build a telephone plant in Melville and all will be well. It's more complicated than that.

And pasta is no different. I mean the Wheat Pool has been evaluating and studying pasta production for many, many years. And obviously Crown Management Board . . . and I want to reiterate to the member opposite again what I'd told his colleague from Kindersley, Saska Pasta does not fall under the purview of Economic Development, but under the Crown Investments Corporation, where you had it structured when you were in government.

Now I don't mind talking about it because I am very interested and very much involved in it. But when it comes to studies on Saska Pasta and market research, that is where the work in that area is being undertaken. And I know that they're very, very interested and, I must say, excited about the potential of a pasta plant in Swift Current.

But however, regardless of whether there's a market increasing or not, we want to make sure that we know how we fit into it. Because I say again, it simply isn't a matter of building the plant, starting to chug the old spaghetti through the plant, fill the warehouses and the Quonset huts, and then say, now I wonder where we're going to sell this darned stuff. You have to realize that it's more complicated than that.

What we want to make sure of are two things with the plant in Swift Current: one, that that market research is done and that they have contracts or potential contracts — not unlike the member opposite, I believe, did with Impact Packaging. What they did is they went to Albertson's Foods in the north-western United States and they had contracts for the product. That is a very good way of doing business — that before you build the plant to make meat trays in Swift Current, you know where you're going to sell them. And they had Albertson's all lined up to take the meat trays.

Now they've run into other problems — and I don't blame you one ounce for problems that there may be with Impact Packaging — and they are being sorted out. We intend that that plant . . . hope that plant will be very, very successful.

But on the pasta plant we want to know and be very clear — and I'm sure you'll understand — that before we invest your neighbours' and friends' money in this plant, which is what is being called on, that there's a marketing strategy in place so that the day that the first loads of pasta come out of that plant, that we're not then looking around for the market.

The other thing is, is that when we invest the taxpayers' money, that we don't put in all the risk money and that the private sector take only that profit when and if it occurs, that we want to make sure that we allow free enterprise to flourish in this province, that is that they take their risk with the potential of losing their money and they take their risk with the potential of making money. And we're wanting to make sure that the private sector money is put in at the same time as the taxpayers' money and that the risk is shared, as opposed to many deals where the taxpayers in the past have taken the risk and the private sector has taken the profits.

(1530)

Business don't want that, and in the business community that I work in, they say this is a very fair way of doing it. And when I talk to Mr. Hill or Mr. Phillips, and the people who do business in the province, they say you're very, very right in making sure the private sector money is into these deals before you expose the taxpayers' money.

Mr. Devine: — Well, Mr. Minister, you've talked about market research and you think it's necessary. So we're just asking, where is it? If you want to be partners, at least you could go with the partner that says that they have: one, the analysis; and two, some money; and at least convince us or the taxpayer that you're prepared to co-operate and look at that market.

You have not given any indication that you've looked at

the pasta market. And you say, well you don't think it's there. You know that it's there. You know it's large and it's growing. Have you done the analysis of what kind of product, what it should look like and the demand, so that you can . . . As you say in your words, you have to do the market research. So — you've said that three or four times now — have you done any market research? If you're prepared to joint venture with a partner, as you say equal — their money and your money — have you done any of that analysis?

Secondly, I'm not so sure what you did in marketing lentils if the deal was done before you went. All right, then if it wasn't, then I want to know, okay, who's buying lentils and who's selling lentils and on whose behalf?

Because you said you went down there to market lentils and to help the deal. Isn't that the fact? Well if that's the deal, if that's the truth, that's the fact, then I want to know, because it's at taxpayers' expense, whose lentils were you selling; how did you sell them; on what basis? I mean you're there on behalf of the people of Saskatchewan, not just one company or not just somebody. I mean what you do is public knowledge.

So I do want that information and I'm sure the pulse crop growers and the pulse association would like that kind of information. And I'm just asking if you've got similar kinds of deals or information or at least analysis or studies on the pasta market. And I don't think you have. Because if you have, you haven't told us. You've told us how important it is to have them, but you haven't said a thing about whether you have them or not.

Because I understand that. We've looked at it in barley and in malt and in alcohol and fertilizer, and lots of different projects. And I agree with you, the market analysis is important. But it's more than just talking about it.

As my colleague wanted to know, if you have done some deals, we'd like to know about them. And if you're serious about pasta and the market, then maybe you could talk to us about what kind of plans or co-operative efforts that you might have with the private sector, including the Wheat Pool, to go examine that market. And if you'd share some of those with us.

Hon. Mr. Lingenfelter: — I say again to the member opposite, Mr. Chairman, that obviously the largest amount of work that is being done on the Saska Pasta project — let's talk about that because that's where he keeps coming back to — is being done by the Crown Investments Corporation. And the reason it's being done there is because that's where you set up the project when you undertook it and announced it.

What was clear to us when we took over government, even though you had announced it as a done deal, that there was no research into marketing. That you made the deal and the commitment without having done any market research. Why you did that, I'm not sure.

But within CIC (Crown Investments Corporations) at that time, there was literally no market research done on where you were going to sell that product, even though

you had started well down the road into committing millions of dollars of taxpayers' money. That's a fact. That's what you had done.

Now why you chose to put it in CIC — you can rise in your place and say why you put it in CIC as opposed to in SEDCO (Saskatchewan Economic Development Corporation) or Economic Development. You can also tell us why you made the commitment of millions of dollars of taxpayers' money with no market research, because there was no market research done. I agree with you, you have to do that market research.

One might say the reason you made that announcement with no market research is because it was in a seat that you knew was marginal and you wanted to win it in the next election, so you needed an announcement, but you didn't have time to get the marketing research done. I don't know why you did it that way.

But what I can tell you and make the commitment to you, is that that research and study and analysis is being done by the staff people in Crown Investments Corporation, working closely with the Montreal group who want to build the plant in Swift Current.

So that we know two things. One, that when and if the plant is built, there is sale immediately for the product. And I'm sure you'd agree that that is the proper way to do business. That we shouldn't just put the taxpayers' money in tens of millions of dollars and let them have it to produce pasta without knowing that they have contracts to sell into the markets of the world.

The other thing is that we want to make sure that when the money is invested on behalf of the taxpayers, that it isn't at risk more than the private sector money. It's not that the taxpayers of Saskatchewan don't want to invest in the province, but what they're tired of is taking all the risk and then on the other side, the profits go to someone else.

When it comes to the sale of Saskatchewan seeds around the world and in north-eastern United States, I say again, that obviously the trade office that you opened, sir, and the individual you hired there, Mr. Cohen, is very much involved on a day-to-day basis, trying to facilitate the sale of Saskatchewan products, whether it's wild rice, whether it's lentils, whether it's peas, whether it's fish, whether it's honey, whether it's chocolate into that area of the United States.

And the reason that we kept that trade office open is because I think that was one of the trade offices . . . unlike Hong Kong or Minneapolis or the one that you closed, I believe in London, they just weren't cutting it, according to the statistics that were being produced.

But you also know that when deals are facilitated by government you can't just stand up and say, well here's the deal. And there are confidentiality clauses in these agreements and those kinds of things. And I'll tell you very clearly, if they agree that they would like this to be made public . . . You'll know that in the grain trade, Cargill doesn't make its deals known to the public. I mean you've been there. You were minister of Agriculture; you understand the Canadian Wheat Board; you know they

don't make their deals public.

And I really would urge you to . . . I'll sit down with you, brief you confidentially on this contract. If they don't mind it being public, I don't mind telling you. But obviously in a sensitive area where you're dealing and where half a cent a pound makes an important difference, obviously . . . When the minister in charge of the Wheat Board goes on a foreign international trade excursion to China or Russia and they announce a deal, they don't then sit down and tell the world how the deal was worked out because they're the government. And that's ludicrous for us to suggest that.

I tell you this: that we went to New York; we went to Washington; we went to Pennsylvania and New Jersey. We met with a lot of people in the trade who say there's great potential for tourism in Saskatchewan from that area of the world, great potential in the pulse seeds from this area of the world, including wild rice, as you will know, and that there is great potential in the United States for pasta.

So I say to you that on those issues . . . the Swift Current project, we're excited about and hope it comes to fruition. And we're pleased that you and your government made some initial contacts and work on that. We're surprised it was announced without any market research and without proper, we feel, due diligence being done on the deal. We think you should have taken it along further and had markets for it.

But then, that's opinions. But it's fair to say that we're hopeful that that deal will be brought off and that the private sector as well as the public will be well served in the deal.

Mr. Devine: — Well maybe the minister could provide us, and be prepared to provide us, the analysis of the markets. Because I know that the partner in Montreal has done a considerable amount of research and shared it with government officials. And what we're after is, if you're really interested in pursuing that in a deliberate, in a sincere way. Because if you discourage it, then it will fall.

And they're tough enough to do at the best of times. So if you get people . . . you have people who are interested in putting money forward, then we should hear about it. And what we want to know is, if you are doing more market research with respect to pasta, that we'd like to have access to it or at least be able to table it here so that, in fact, we know that the investors from across Canada know that it's real, it's very real.

The second thing I'd like to find out is that . . . and the reason we go back to it is that you that you were marketing lentils and wild rice. And all we're asking is that, I mean, couldn't you be a little bit more specific. Because you don't have to go to New York to know that there's a large population in the United States. You don't have to go to New York to know that we've got a lentil crop and we've got pulse crop and wild rice. It's what you do when you get there at taxpayers' expense.

So you could make 15 trips back and forth. And you've

criticized other people who were in various positions in Minneapolis or some place else. So we're asking you: what did you get done? You say, well I think we sold some lentils. Well then you're not sure whether they did or not. Or if they did, you can't tell, or because the grain trade did it and you don't want to talk about it. Well then you must . . . You've got to wonder, you know, what the man in New York is doing there. So he's putting them together.

If there are new markets, certainly you could exchange . . . I don't need the information, but you could give it to the industry, if there's any new information, and that's really what we're after — if you've got a new kind of market. If you weren't there doing what we think that you were doing, well then we're going to call you on it because you obviously are going at taxpayers' expense.

And I can tell the hon. member that if you look at the success of going into markets — take Harvest Meats, out of Yorkton. The minister might know how they're doing. They're doing pretty well going into the United States through the Minneapolis market. And it's going to be a very big success. And they've done a lot of market research. And it takes that kind of market research and type of quality product that is being produced at Harvest Meats to make sure that that will work.

That kind of market research and analysis done by the private sector is available, and it's available in pasta. So what we want to know is, just make sure that you are staying with it with respect to markets in the United States, particularly on projects where you've got the indication that the private sector will come up with \$10 million, and that the market analysis is there.

And I would say to the hon. member — and I want to make a point of clarification — certainly the people who, in the private sector, had put forward their analysis of the market in the United States . . . and it is a tremendous market.

Now the third point, and it's not necessarily your portfolio, but we talked about it the other night here in Energy, is that market research, and the minister knows, market research was done on lots of energy projects. And he mentioned Hitachi was successful because the market was there. We did a great deal of market research. The private sector has done market research. SaskPower has done market research. And on economic development, one of the biggest job creators that we can have is in energy.

And that's one where there certainly wouldn't be much of an excuse that we haven't done any market research. The demand is there for energy. The demand is there for alternate forms of energy. The demand is there for all kinds of things that we can do.

So if we're looking at sound economic development — whether its processing of our resources in food or processing our energy resources; whether it's coal or gas or oil or uranium or others; just as whether it's gas and then fertilizer and then into other jurisdictions; or it's barley into malt and then into United States; or whether it's feed into alcohol into Mohawk Oil and others — that market research, and many of them, have been

completed.

And certainly with respect to the AECL (Atomic Energy of Canada Ltd.) concept and the agreement we signed, included all of the memorandum of understanding — a great deal of market research, a great deal of market research. And it's strong, almost an inelastic demand for an awful lot of it.

So we aren't just going to be encouraging the minister and his staff, and maybe some of these portfolios don't touch yours, but in economic development they're going to overlap and they're going to end up in your lap because you're responsible for that.

We want to know that in the analysis of markets, number one, that you're actually going to do them. And number two, when they are done then you don't look for another excuse not to do it for some other reason. Because obviously we can find reasons to not do projects, whether it's on the market side or I don't particularly like this company or something else. But if there's strong demand and you have the analysis, we want to know that we're not missing opportunities.

So again, if you want to provide information either to the pulse crop growers or anybody else about anything that you found out on the lentil market or the pasta market, they'll be very interested. And I would also say to the hon. member, there's been a great deal of research done on the demand for energy projects. And certainly in the discussion we had here the other night and the discussion you and I have had with respect to the memorandum of understanding, we could initiate all kinds of projects on energy alone here in the province of Saskatchewan.

(1545)

Hon. Mr. Lingenfelter: — Well I appreciate the member's comments when it comes to the analysis of the market because I think that's important. But it's got to go a step further than that.

You can analyse that there's a 10 per cent increase I say in usage of telephones and then go out and build a telephone plant. But unless you have actual, very, very solid contacts and potential sales for these telephones, it doesn't much matter whether it's increasing 100 per cent. You have to know where you're going to sell the product.

Pasta's no different that that. It's a very, very tight market. The huge conglomerates that end up using the majority of the pasta products have a very, very tight rein, as you well know. And you have to break into that. And Hitachi is a very, very good example of one of those that worked.

When it comes to consultation on trade missions, the member will know that I've spoken to him personally about his involvement with the Chinese community and trips to China and I would very much appreciate any information that he can give us in terms of his trade missions that he has gone on.

And I've talked to his former deputy premier, Mr. Berntson, a number of times about trade missions. I've talked to Mr. Berntson a number of times about AECL and

the way the deal was formed, about our problem with the portion that dealt with the reactor and the waste disposal site, laying out very clearly how we had problems with the reactor portion of the agreement and with the waste site because we believed, one, on the waste site, that the public of Saskatchewan didn't want Saskatchewan to become a dump site for nuclear waste from across the country or across the world.

That may change. The public in Saskatchewan may at some point want to do that because there is, as I understand it and obviously there will be, a large amount of revenue that would be generated from storing nuclear waste in Saskatchewan. But at the present time I believe the public of Saskatchewan don't want that to happen. Therefore we said no to the agreement.

But when it comes to research on nuclear uses, whether it's irradiation of food or medicine or even research on a CANDU 3 (Canadian deuterium uranium) reactor, we have clearly indicated to the federal government in every way possible that we would very much like to have AECL look at the potential of coming to Saskatchewan to do research.

And I say to the member opposite that we're very, very interested in jobs coming to Saskatchewan, but obviously they have to be done in such a way that they don't put at risk the environment of the province. That is why people are concerned about a nuclear waste disposal site in Saskatchewan. And they're also very concerned about the model of investment. That is, that the taxpayers shouldn't be taking all the risk.

And I say to the member opposite, who I believe is a free-enterpriser and believes in the free-enterprise system, that most business people in the province don't expect the taxpayers to take all the risk and for the private sector to get all the profits if the deals are successful.

So I say to the members opposite, I'm very interested in the analysis of the pasta market. But you have to take it one step further and that is, where are the contracts that we will fill and how do we fit into that expanding market?

When it comes to Hitachi, I give full credit for the deal, as we did at the opening, that the former deputy premier, Mr. Berntson, did have involvement in making that deal work. And the simple fact is, is that we now have facilitated and helped with an expansion.

And the member opposite will try to say, look, you guys aren't doing anything and nothing is happening. But I think in fairness we give you credit for the fact that they came in the first place. I think if you were being fair, you would say, and we appreciate very much that you helped negotiate out a deal, and be involved and facilitate the expansion of Hitachi. I think that, in the spirit of co-operation and good will, would be the way any reasonable person would look at Hitachi.

When it comes to the commissioning of Shand, obviously you were the government around and one can question whether Rafferty and Alameda should have been built, but obviously that is something that you did.

When it comes to the 24-inch mill at IPSCO, obviously Mr. Phillips says very clearly that that came as a result of the government's change to some tax laws. And you continue to say, well you're not doing anything and there's nothing being done in the province. And your member gets up and takes credit for the IPSCO expansion the day we make the announcement, and down plays it. I mean either this is co-operation or it's just adversarial.

But I think when it comes finally — to the former premier — when it comes to trade missions, I think you're absolutely right that when you go on these trips, you have to be able to defend to the public the cost of your rooms, the cost of air fare, how many people you took with him, and at the end of the day whether or not you got results.

I mentioned to the member from Kindersley earlier that people from New York are intending to come to Saskatchewan to look at the harvest, some of them for the first time. One of them will be, we expect, the individual, the owner-president of the company who bought the lentils. And I make the offer to the member opposite from Estevan, when that individual comes to town I would very much like to sit down with him and we'll talk about how that deal was structured.

And the fact is, is that I think the trip to the United States — you may not agree — but I think that the fact that we went to four states in five days, met with Julius Katz, the trade negotiator on the NAFTA deal, and consulted with Bill Merkin, one of the main consultants in Washington on trade, that we met with a number of brokers in New York; we went to Pennsylvania and Hershey foods who are large consumers of pasta; we were in New Jersey with a number of different pasta producers and people who purchase Saskatchewan products, that it was very worthwhile; that we did it on a shoe-string budget when it comes to where we stayed and how we travelled.

And I think at the end of the day there are results. That I would like to sit down with you sometime, and when the individual comes to Saskatchewan maybe we could sit down and have a coffee and talk about trade and pulse crops.

Mr. Devine: — Well, Mr. Minister, you got into several things that . . . when you . . . Let me just come back to your trip. When you make a trip and you said you talked to many people and many brokers and people who knew about pasta and so forth, we want to know what you've learned. And you haven't told us a thing today. You said well, we learned about this and . . . (inaudible interjection) . . . Well sure, he said many things but we have no specifics.

We don't know any markets. We don't know the names of the people he talked to, in terms of those that know about the pasta. You said many pasta people. Well who did you talk to that are pasta people? Who did you talk to who were lentil people? Who'd you talk to that are potential contract people?

I mean that's the kind of stuff that people . . . that individuals want to know. So if you could provide that. Because if you went to five states in four days well you might as well go to 20 states in 10 days. And you'll come

back and it's been a whiz trip. And what did you learn? And what did we pay for? What have you got out of it? That's what we're asking and that's a fair question. I think you would appreciate that.

So if there are people who are interested, or if these are new people who are purchasing lentils or new people who know information about pasta, the market people want to know that.

And if you went there on taxpayers' expense, we're all paying for it. It's not a secret. It's not a secret. If you took one company with you as opposed to other companies, we'd be interested in that. Who went with you on this mission that it's now confidential? We don't know who did the deals. Well what . . . you know, the public would like to know. Did you take industry people with you? Are you going to take other industry people with? That's a fair question. The taxpayers would certainly like to know that.

I mean you want to get into a discussion with respect to the IPSCO announcement. I mean our administration had already indicated we'll provide the tax concessions for an expansion. And then you come in and you won and you cancelled it and then you bring it back in again to try to take some credit for it. If we want to argue about that back and forth, I mean we knew what was necessary to make sure that you would have that expansion.

The third thing with respect to AECL — I just want to make it clear — the member says the dump site. I mean nobody said that, only you said that. The dump site — waste, dump, that's what you just said, in *Hansard*. Yes, the disposal site. Okay. All right where does it say that there is the disposal site? It says, you'll study the research, the fuel cycle, and waste management. And so . . . no sense frightening people. That isn't in the memorandum of understanding or an agreement — research is fine.

And the same with reactor. I mean you mention, well we're not sure we want this reactor. Well we'll just study — that's what we're looking at. We just want to know that you have an open mind to this economic activity so that in fact we can look honestly and openly at economic development, and that we know that we're working together on it. Not everything that we did was negative, or not everything was positive. And the same applies to the things that you might be doing.

And the last point I want to make here before we get into some more details, you say that we don't want a situation where the taxpayer has all the risk and the private sector gets all the profit. Would you describe a situation where the taxpayers had all the risk, and the private sector made all the profit? — made all the profit. Okay, so that you can give us examples of what you mean by that, where they made all the profit and the taxpayers . . . Because if you're talking about community development bonds, we have a large number of them in Saskatchewan. We initiated them.

The people put up money, and the private sector puts up money. Sometimes they would fail, and the guarantees would have to be honoured. Now that means that the private sector put up some money, and the taxpayers put

up some money. And in many cases we find those community development bonds are popular. In fact you've done bonds now even . . . in fact you talked about them here, where you have them across Saskatchewan because they are equitably shared. And if you look at projects where we put up some money, the people of Saskatchewan and the private sector's put up some money, over and over and over again we find that that's precisely what they're looking for.

So you keep raising the point, well we don't want the private sector to make all the profit and the public sector to take all the loss. Usually when they go into these things, if it's a joint venture, they're profitable together. And if they fail, they lose money together. That's what you're looking at when community development bonds . . . or whether we're looking at all kinds of other projects. And there are literally thousands of projects, certainly hundreds and hundreds of projects if not a thousand or more in Saskatchewan, where it has been a joint venture and a credible joint venture. Some make it and some don't, but they go into it together.

The hon. member raises the point, well we're not going to do a situation where the private sector takes all the profit and we take all the losses. Well I would like you to further explain all the times that that has happened so that we can understand what you're talking about, and whether you're just trying to discourage investment here, or whether in fact you're looking at all the projects that the province of Saskatchewan has done with co-operatives, with rural communities, with co-ops, with foreign firms, processing plants, meat-packing plants, upgraders, paper mills and pulp mills, and fertilizer plants, and all of those that are now built or process of being built and completed, if he's saying that they're all . . . oh, the private sector took all the profits and we took all the losses. Because that's not the case. And I don't think it's just as easy you standing up here saying, well now that I've come back from New York, things are different; the private sector won't take all the profits and the public sector won't take all the losses. That isn't the case.

You can find projects where you made some mistakes with respect to investing in things, whether they're computer companies called Nabu, or others. And they happen. Administrations go through it. You went through it. I went through it. But you can't just backhand everybody and say, well now wholesale that it's not going to be like that.

When you put projects together or anybody puts projects together, it's a combination of private sector and public sector. And we see that in projects across the province and indeed across Canada. That's what they're looking for.

The private sector offshore is interested in coming in here. That's why I asked the Minister of Energy the other night, would he be interested in joint ventures. And we certainly would ask you if you're interested in joint ventures, if it was in energy or if it were some other things.

So maybe you could clear up the statement you made with respect to the IPSCO expansion. Maybe you could clear up whether in fact somebody said there had to be a

site here or a disposal place. Wasn't it research? And certainly with respect to community development bonds, from my experience, community development bonds all across the province of Saskatchewan — and there are many — people put up some money and the government guarantees it and then you share the risk. And that's the way they're designed. And I think you're doing them right now all across the province.

Hon. Mr. Lingenfelter: — Mr. Chairman, if I could, by leave, introduce guests before I respond.

Leave granted.

(1600)

INTRODUCTION OF GUESTS

Hon. Mr. Lingenfelter: — Mr. Chairman, here today is Dr. Graham McDonald, president of the Asia Pacific from Vancouver, seated in the I believe west gallery. With him, Mr. Paul Hill, business man extraordinaire from Regina, and Mary Chan who is well known in the Asia Pacific group here in Regina. I would like all members to join with me in welcoming them here today.

Hon. Members: Hear, hear!

COMMITTEE OF FINANCE

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Item 1 (continued)

Hon. Mr. Lingenfelter: — I just want to . . . And I don't want to get into the bad deal/good deal. As the former premier mentions, all governments have good deals and bad deals. And I would expect as time goes on, some of the deals that are made by this government . . . Although we're proud of what we've done so far, whether it's been our involvement in tax changes that have helped IPSCO or whether it has been the Hitachi deal in Saskatoon or the alfalfa pelletizing plant at Norquay, that we think these deals are going to be successful.

I think many people were concerned about the public exposure, for example, on the GigaText deal. And I don't know what money Guy Montpetit lost in that deal. I do know what the taxpayers lost. And so I . . . (inaudible interjection) . . . But I'm saying, not comparable at all. I mean one had a bunch of old computers that he couldn't do anything else with and he sold them to the taxpayers of Saskatchewan for close to 6 million. That's not a good deal. I'm not going to . . . I don't . . . like that's past and it's past and . . .

An Hon. Member: — Well get it straight — get it straight.

Hon. Mr. Lingenfelter: — Well I would like you to explain it, if you care to. But I mean I think there the taxpayers lost way more than the private sector individual. And I'm sure if you had that one to do over again, you would restructure that somewhat differently. I just know you would because that was not a good deal.

And what I'm saying, that when deals are made we have to bring in the public money and the private money so they can share the risk equally. And in Swift Current that's what's being negotiated now between CIC and the people in Swift Current. And I'm sure you're not saying, well the taxpayers should take all the risk there. I know you aren't. Or should have a different share structure than the private sector and have a share structure that puts the taxpayers at a disadvantage to the private sector. Why would you want that? What would be the point?

The other point on the Swift Current project is that we want to make sure there are contracts to sell the pasta. That seems to me to go without saying, that the government on behalf of the taxpayers would want that to be in place. And so while we're anxious, I say again, that the plant in Swift Current go ahead, the truth of it is we'd have to have a deal that's satisfactory both to the private sector because they just won't take any deal that we offer, nor should they, but nor should the taxpayers just take any deal.

When it comes to IPSCO, I want to make it clear that in his comments of August 13 — this is the IPSCO building \$23 million addition — Mr. Phillips said, changes in provincial government tax erased IPSCO's idea of installing the new mill in the United States. That does not give the impression that your government was about to or had given any commitment to make that tax change.

And I'm not taking credit for that deal. I mean obviously the people at IPSCO and the workers at the plant will take credit for the fact, and many people who worked in the plant before. But I'm just saying, in fairness, I'll give you and probably more the former deputy premier, Mr. Berntson, lots of credit for the fact that when they were building Shand he had the foresight to go to Hitachi and say, look, if you're able to provide the needs of Shand 1, then could you come to Saskatoon and build a plant.

But I think it's fair to say as well that that plant didn't necessarily have a long life when it came to Saskatoon. And there certainly was no plan to expand it. And the fact is, it has expanded under our administration.

And so I'm just saying to you that all is not doom and gloom in terms of the economy of Saskatchewan. And in fact, I think the housing starts, which were up by over 100 per cent across the province, including Estevan, where they're up by 400 per cent over last year . . . I'm not going to say that's because you were defeated as premier, they're suddenly excited in Estevan.

But the simple is that when housing starts go up by 100 per cent, it is one of the best indicators that the public — not the politicians but the public — are expressing confidence in the future of their province. And you may say well it's lower interest rates and it's this and that. But it's happening no where else in Canada, where housing starts are up by 100 per cent, so it's not only interest rates because interest rates are the same across Canada.

And I think things aren't perfect by any means in Saskatchewan, but my discussions with business people have been very positive. I think things are going relatively well, given the circumstances that we find ourselves in,

and with some support and some optimism in this province, I think that there are many people who say they are more optimistic today, for example, than they were a year ago.

Mr. Devine: — Well, Mr. Minister, it's interesting that you are trying to take credit — I don't know why you'd bother — for housing starts up in the province and you know that over half the housing starts and the increases are in the city of Regina alone, and that's in good part because of FCC (Farm Credit Corporation) moving here and Crown Life moving here, which were both our projects. That's one fact.

The second is that interest rates are at a 20-year low. The third is that RRSPs (registered retirement savings plan) are eligible for new homes and the down payments are now down to 5 per cent rather than 10 per cent and you're taking credit for all that.

I don't know why you'd even bring it up. I mean that's such folly. I mean if that's the kind of the thing that you expect the public to believe about you and your administrations, it just doesn't wash — it doesn't wash at all because . . . (inaudible) . . . well, the members chirp back and say, well this is something they can really take credit for. Well clearly the public knows that that's just not the case.

What we're after — and I called you on it because when you put together community development bonds as we have, and you can help the alfalfa plant or you can have expansions like Hitachi, Marubeni, or even expansions at IPSCO — we want to know that you've got your facts right. And the community development bonds are instrumental in this taking place. It's a very good idea and I'm glad you're continuing it and I give you a bouquet.

Now whether it's carried on alfalfa plant or whether it's carried on with pasta, we just want to know that you're committed to it.

With respect to IPSCO, you and I and everyone knows that we got tremendous encouragement from tax harmonization because you get all your sales tax back in manufacturing in Saskatchewan. It was worth a great deal of money to manufacturers like IPSCO. Now you cancelled that. And then you come running back and say, well but we've done this little thing; therefore we can take credit for this expansion. But we just want to make sure it's on the record that harmonization meant you were sales tax free for a province of Saskatchewan in manufacturing, processing, business, and farming. That's very important, and it was encouraged by Roger Phillips, the chamber of commerce, the boards of trade, co-operatives, farmers. It was very important. It has a big, big impact.

So I just want to make sure that you recognize that. And then you cancelled it. And then you come back in and say, well we got kind of close; we kind of fit this one in. Because you didn't want that to go down because that expansion is important. Because there has been the market research and we do do it here. So I just want to draw that to your attention.

And then I asked the hon. member, well show me all the places where the private sector made all the profit and the public sector got all the losses. And he was hard pressed. He says, well the GigaText . . . I think GigaText owners lost more or lost less than the public sector . . . (inaudible interjection) . . . Well he doesn't know for sure at all.

And let me just ask the hon. member: is it not true in the Nabu case, Mr. Minister, how much did the government lose, and how much did the private sector lose . . . (inaudible interjection) . . . Did that happen? I mean it was 4 or \$5 million.

Now I don't want you to just say and end up leaving this House with the impression that in fact we'd set up an arrangement where the private sector could make a bunch of profit and the taxpayers make a bunch of . . . This happened all over the place. It's just not the fact.

An Hon. Member: — It did.

Mr. Devine: — It's just not the case. And the hon. member said they did. Well give me the examples. I want an example because that's important. Because if you want people to come in here, they've got to be able to believe you on the kinds of packages that you're going to put together. And if you're saying the NDP policy is now responsible for housing starts and that's a non-partisan indication of how successful you are, and it's because of interest rates and the federal RRSP and the down payment requirements and half those changes in the city of Regina where Farm Credit and Crown Life are moving here, then people say, well maybe you're kind of stretching it a little bit in saying that's the big, you know, the big world of the national government or international interest rates, not just economic development strategy on your side of the House.

So we just want to make sure that you are providing the kind of information that we want to have and you're not stretching it too far.

Let me ask just a further question of information. On the AECL agreement, I believe as we said the other night, and I believe that you and I have talked, we're not that far from having an agreement . . . AECL. Would the minister . . . and he may not want to comment because it's not necessarily linked to these estimates. But I think that the research agreement, if the memorandum of understanding is fine . . . he is the minister responsible for SaskPower, and they have the subagreement which had AECL moving out here. The minister, Mr. Penner, had offered to provide the information on the AECL agreement, the subagreement between AECL and SaskPower.

Would the minister, in his portfolio as Economic Diversification, be prepared to look at that part of the agreement, see if there's anything that he might like to talk about there, and be prepared to provide that kind of information to me or to . . . either publicly or in a mutually acceptable office — so we could find out if we're frankly getting pretty close to redoing an agreement that would be acceptable to both parties, Saskatchewan and the federal government.

Hon. Mr. Lingenfelter: — I think it's fair to say to the member opposite that following his discussion last week with the member from Swift Current, I think the member from Swift Current made it quite clear that we are more than a little interested in jobs that may come from research into the nuclear industry that may come from AECL or from the federal government, however you may want to phrase that. And we've had ongoing discussions and communication with Mr. Epp and Mr. Bill McKnight.

And I talk to Mr. McKnight from time to time, not only on AECL but economic development in general. And also it's fair to say I've had a very, very brief discussion with yourself, sir, about things that we might discuss that would make the AECL deal in some format work for the people of the province.

And I say there we're very highly interested in getting research jobs into Saskatchewan; however we're hard pressed to make any deal that would commit the taxpayers to over a billion dollars of expenditure on a CANDU 3 reactor or 450 megawatts of power that we don't need at this time.

It could be some day in the future the institute that's studying this whole area of power needs of the province from 2003 to 2020 will comment and make recommendations that we build hydro power or that we build coal or that we build nuclear or we build wind or solar. But that is some way down the road.

SaskPower and the government don't believe that signing a deal that leads us directly to building a CANDU 3 reactor and spending a billion dollars of taxpayers' money is in the works right now. It just doesn't make sense economically, and we don't think we need the power.

But when it comes to a deal that would see research coming to Saskatchewan from AECL, I cannot make it more clear — even though I wonder sometimes why the press and people don't report it — that we're absolutely working as hard as we can to get research positions into Saskatoon that would see research on irradiation of food, on nuclear medicine, on design and analysis of the CANDU 3 reactor, or other projects that AECL may want to do. Because I agree with you — and I think on this we do agree — that Saskatoon is a perfect place to build this kind of a training facility.

(1615)

We wonder why, in the memorandum, when jobs are being moved to Saskatchewan and AECL is establishing jobs in Saskatchewan, that we have to pay as much as we do, when in Ontario the Ontario government doesn't put any money into new jobs in Sheridan Park or into their research facility, that I know of. And yet when it comes to Saskatchewan — and this is the pitch I put to our federal colleagues — how is it that Saskatchewan taxpayers have to pay for jobs that come from a federal Crown corporation?

I don't think you put a lot of money on the table when Farm Credit Corporation, for example, moved to Regina. And while it may be in the end that there has to be some

monetary involvement in terms of the research, one would wonder why the federal Crown agency has a policy as it applies to Ontario to create jobs, and yet a different one when it comes to Saskatchewan where the provincial taxpayers have to put large quantities in terms of the deal that was initiated by your government, \$25 million, in that kind of a project.

Now I'm not arguing against that. But I'm just trying to negotiate with the federal government as to the plan they have in Ontario and whether it's the same one they have for Saskatchewan. Because I think you'd agree that a federal Crown corporation should have the same set of rules for taxpayers in Ontario as they do in Saskatchewan.

So I agree with you. We're trying to get the research positions into Saskatchewan and in such a way that it develops the most potential for Saskatchewan taxpayers and workers in the province.

Mr. Devine: — Mr. Minister, I'll come back to AECL, but I just wanted to ask you: what additional money did you put into the expansion in Hitachi? You've said that there's an expansion there and it's because of something that you did. Could you tell us what you did?

Hon. Mr. Lingenfelter: — On the issue of housing, I neglected . . . I say to the member from Estevan on the issue of housing, I think if you go back and read *Hansard* you'll find that I was very careful in not taking credit for the housing starts.

And what I said very clearly is that oftentimes when economies turn around, housing starts are the first indication that the public is gaining confidence in the economy of that area. And what I'm saying here is that when you look at the many communities around the province you'll find that while Regina is up and Saskatoon is up, one might think that it would end there. But the simple fact is that housing starts right across the province are up, and up considerably.

And I just want to run through that so we . . . I agree that Regina is up and I'm not questioning your numbers, but to just put this into perspective, this is not only a Regina phenomenon. And what I'm saying is that even though we're in relatively tough economic times, the fact that, for example, in Estevan, housing starts in '91 between January and May were two, this year it's ten. It's not a lot, but in terms of building a house and the employment created in that, there are some extra jobs.

Because as you know also when people build houses, they often complete them one year and they don't finish the interior completely up and then the next year as money comes available, they finish the basement; the year after they do the yard. So those houses in your constituency of Estevan going from two to ten will mean a number of new people will be working at housing.

And I think that's an expression of confidence in their economy that goes far beyond the interest rates. Because that isn't happening in many other rural parts of Canada. And the numbers aren't going up by the same extent. It's not that I did anything in Estevan; I'll be the first one to admit it. But I say it's an expression of confidence.

In Moose Jaw, for example, the housing starts have gone from 6 to 18. That may be as a result of the fertilizer plant; it may be the result of FCC in part. But the fact that they're building homes here is an expression of confidence in their community and their province.

North Battleford going from two to four. Prince Albert from 4 to 13. Saskatoon up by about 10 per cent. Swift Current, zero started last year, five this year. Yorkton going from three to five, and on and on.

So I just want to make the point on housing, that while I agree with you that there is impact from the Crown Life moving to Regina, and Farm Credit Corporation — I give you full marks for those projects — but it goes beyond that, that there's an element of optimism that's psychological. And the only thing that I would ask you, sir, is that we try in our every attempt not to kill that because we may not want to give credit to anyone or we want to have gloom and doom for our next election results and all of that, that we try at every step — all of us — to yes, ask the tough questions and ask tough questions about my travel to New York.

I mean I think I'm getting far more criticism as the Minister of Trade for not travelling and making these contacts than I am for doing too much. So I kind of appreciate you saying that I'm doing too much because that gives a little balance to the queries out there because many people are saying, well as Minister of Trade you've been there nine months, and you've been out of the country once. And when you compare that to previous ministers of Economic Development and the seasons they did their trips, there's some curious analogies when you go through the nine years. I'm not going to get into that this year.

But the fact is, is that we want to ask tough questions, but we don't want to kill the optimism. That's the only point I make on housing. That there's an expression of optimism, and we hope it continues.

The other issue of Hitachi and the amount of investment, I don't think there was any direct investment in terms of taxpayers' money going into the deal in terms of money being injected. I think it was more a role of facilitating. I don't think any direct injection of money has been done in terms of the Hitachi arrangement.

Mr. Devine: — Well I just wanted that cleared up, Mr. Minister, because on housing, we see that it's the federal government's actions that clearly have caused people to invest in housing across Canada, including Saskatchewan. And they're going to do it if there wasn't a government in Saskatchewan. It was only a federal government as a result of the lowest interest rates in 20 years in RRSPs and only 5 per cent down.

And now with FCC coming in here, which is the federal government moving here, we see over 50 per cent of the increases in all of Saskatchewan taking place in this city. Now when you look at Hitachi, it had nothing to do with the provincial government either. It was all WDO (western diversification office) money. The federal government again has injected money into that expansion.

So you can't take credit for the housing, and you can't take credit for Hitachi expansion, and you certainly can't with respect to community development bonds although I give you credit for doing them and continuing to do them. And I hope that you will. And you've frankly been a little hard pressed to come up with all these companies that took all the profit and the government takes all the loss. It's a kind of a blanket statement. It leaves a negative taste in people's mouths out there. It's fine for on the political campaign if you want to say that's the way it was, but there's too many projects that are creating in a diversified Saskatchewan.

And in your trips, it's not the question you take a trip. We just want to know what you did if you took one. And that's what we've been trying to find out. And we still haven't got much information out of what exactly you did in five states in four days or vice versa — four states in five days. So we'll continue to ask you.

Mr. Minister, if we could come back to, and I take this . . . I don't want to get into an argument with you here; in fact it's exactly the opposite. Maybe you could just confirm in a general sense that when the . . . on your understanding of the memorandum of understanding on the agreement between the Government of Saskatchewan and AECL. I signed this agreement along with Jake Epp, and we went through it with the member from Swift Current the other night.

An Hon. Member: — Which one are you talking about?

Mr. Devine: — Memorandum of understanding between the province of Saskatchewan and the Government of Canada on the AECL agreement — the umbrella agreement.

And we went through it in some detail the other night. And on coal and gas and nuclear and so forth, the minister was comfortable and he said several times that he was perfectly . . . he had no problem with that memorandum of understanding. And you're certainly familiar with it. And he said, if you had some problems, it might have been in the details of the power agreement with AECL.

Are you comfortable with the general agreement — the memorandum of understanding — as the Minister of Energy has said that he is, with the verbiage that's in here? And it's the same verbiage on coal and oil as it is on nuclear, and it's to evaluate the feasibility of establishing various kinds of things, so it's all research. Would you say that you're comfortable with the memorandum of understanding, just in a general sense?

Hon. Mr. Lingenfelter: — Yes I think it's fair to say — and I want to make it clear that you're talking about the umbrella agreement and not the AECL . . . I'll just wait till the member's . . . I just want to make it clear that we're now talking about the umbrella agreement and not the AECL-SaskPower agreement, that we're talking about the general energy umbrella agreement.

It's fair to say that at one of our initial meetings in Ottawa with Mr. Epp, we clearly indicated to him that the umbrella agreement was something we would like to

continue to work with him on. And even in the other agreement, there were certain clauses that we could accept and certain clauses that we couldn't accept.

So it's not the umbrella that we're really negotiating or very much worried about. We've set that aside at a very early meeting in Ottawa, and we're now working on a different definition, and that is as it would relate to research by AECL in specific. Where would this take place? Would it be on medical research? Would it be irradiation of food? Would it be CANDU 3 research? And we've indicated to them that we're not in position to make a decision on a reactor because we don't need one. We're not in a position to say yes to a waste disposal site. But when it comes to the other parts of the agreement, we're very interested in that discussion.

I just want to say again to the member opposite. In terms of travel I indicated to the member from Kindersley — and I want to make this clear because you keep coming back to it that you want to know where we went — I indicated to him that I was getting him a complete list of the so-called itinerary of all the places we went in those four states.

And I also want to say to you very clearly that when it comes to further discussion about that, I don't mind sitting down any time. And I've asked you already privately that you consult me on your trips to China because at some point I'm hoping to be able to travel to China and the Pacific Rim. And I think some of the travel that you did . . . although there were questions raised about it at the time. But we don't have to re-invent the wheel, that there are potentials that you've started, projects you might want to share with us. And I'd be very interested in spending an hour or so with you talking about travel because I agree with you; when ministers travel, when government travel, the most important thing is the result of that.

And when it comes to the New York lentil and peas and beans and that sort of thing, we have some brokers coming to Saskatchewan in the near future. It might be an opportune time for us to sit down, and we can explain where we went and who we talked to. And you may have ideas there because I respect very much that you have a background and an education in agricultural economics, and that would be helpful.

So I want to say that the final issue was on the issue of housing. No, I'm not standing here today taking credit for things that are happening in Saskatchewan. Not that I couldn't; I mean you'll take credit for everything you can. But I just don't feel that in terms of job creation and the whole idea of IPSCO or Hitachi or the Norquay plant, it's not my role to take credit for it. That's not how it works. Nor do I think that it's your responsibility to take credit for many projects that happened while you were in government.

And that's the way economic development works. There's a partnership where the large majority of the credit over the years — as long as we're in government, as long as I have anything to do with it — will go to the private sector and entrepreneurs. That's not to say that I don't intend to be out at as many openings and ribbon cuttings — most of them I hope have no government

involvement because I really believe that's where most of the economic development will come from — and saying thank you to these private sector people who are putting their money into business with no government help, taking all the risk because that, in my mind, is where we should be headed.

(1630)

Mr. Devine: — I've got a question. Well we won't pursue it, but there's nowhere in the memorandum of understanding that says that you have to operate CANDUs in Saskatchewan or if you have to have a site for anything that you're going to research on the fuel cycles and how to make and manufacture and market and use them. We'll just put that on the record.

But I would go back to the minister on a theoretical point, and it is quite significant. We've spent a couple of hours here talking about market research. And the minister says, we don't think that we'd like to have a CANDU here because we might not need the electricity for a little while. And yet he spent this whole couple hours telling us that he wants to do market research to find out what he should build first.

The minister knows we manufacture and we'll be marketing fertilizer, not just for Saskatchewan but for the United States and the Pacific Rim. He also knows that we'll manufacture and we'll process oil and heavy oil and synthetic crude, not just for Saskatchewan but for the United States and other parts of North America. He also knows that we do the same for pulp and paper. He knows we do the same and could do the same for turbines and that we could do it for pasta. And we do it for malt and we do it for alcohol and we do it for beef and we do it for all kinds of technology.

Why is the minister now hung up on the argument that he doesn't need to manufacture this new technology because the demand stops right in the province of Saskatchewan? Is not it true that Manitoba markets electricity into the United States? Quebec markets electricity into the United States. We market energy, gas and oil into the United States. Why couldn't it be conceivable that we could develop this technology and market it world-wide? We could develop the power and market it into the United States. And why does he just think, well we might not need this right now; therefore I'll just wait.

Has he done a market research on energy and the technology that would indicate to him that there's no market in the U.S. or no market in the Pacific Rim for all of the things that we could do with this technology and this research? And is he absolutely convinced that we couldn't be competitive in making and manufacturing this technology, including the energy to a huge U.S. market and now maybe even a North American market? Why does he want to, all of a sudden after this two hours of conversation about markets, limit himself to only Saskatchewan? Why does he think that's a valid excuse for not going ahead with this?

Hon. Mr. Lingenfelter: — Well the member will know . . . is that I just said is we wanted to go ahead with the

project. So I'm not sure why he's now saying we don't want to go except for political reasons. I don't know why you're doing that.

I've indicated to you three times that we wanted to go ahead with the deal with AECL that would be research oriented, could be design oriented in terms of the CANDU 3 reactor for export. I've made that point to you, and I don't know why you're trying to say now that we don't want the deal.

Electricity is quite a different matter, but you shouldn't put them into the same bundle and say we're opposed to all of the exports that may come from that kind of a deal because I've told you very clearly. And either we're having a serious discussion here or we're playing games. And I really prefer, because you're very able at having serious discussions, I would much rather have the serious discussion. So I want to get that clear, that we are very interested in getting a deal with AECL where we do research into those items on nuclear reactor for export.

I think you're right that there is potential there, and Saskatoon is the best place to do it. We believe that. For medical research, irradiation of food, we're very interested in research.

When it comes to building a CANDU 3 reactor and exporting the power, that gets to be much, much trickier as you will know because Manitoba is very much in a surplus position when it comes to power and have plans to become even more that way inclined. The power company to the south of us has a surplus of power. We're looking at that because there may be some potential there. And Alberta, as you know, has just made a major announcement that they're going to be going very directly into turbine production of power to consume some of their extra gas that they have in Alberta.

So within the realm around us, when it comes to Manitoba and the Williston basin and then up the other side into Alberta, there's not great potential for power sales coming from a CANDU 3 reactor given the price that you would have producing that power out of a CANDU 3. And I think you know that. Now if you have ideas, contracts where you think we could be selling that power, I would be more than interested in hearing those from you. But the SaskPower officials are telling us that it is a very, very abundant market right now.

Now it's true; south there are markets in the growing area of south-western United States. But then of course you know transporting electricity that distance is very, very difficult, unlike gas where you have a very easy access to the U.S. market once you hit their main pipelines. The loop goes right around the United States. And you take gas off one area, put it another, and it happens very easily. Power, as you know, is much, much different. If you have to transport it thousands of miles it begins to be a very, very expensive proposal.

So I want to make it clear so that we get it right. When it comes to the products that might come from the research of AECL in Saskatoon, we're very interested. And we think there is a big market, and we would like them in Saskatoon. When it comes to building a CANDU 3

reactor in Saskatchewan and exporting the power, there we have no clear evidence that that would be a viable project.

Mr. Devine: — Well it would just . . . Thank you, Mr. Minister. I just want to make sure that you are consistent in your comments. And I'm very serious. Maybe you didn't understand the question because you were busy talking when I was asking the question. So I will ask it again.

In theory if there is a huge country and a market to the south of you, I don't know why you would ever consider limiting the demand. It's like Alberta doesn't want to find more oil because it's got enough right now. Or you don't want to find more products here because you have enough here. We shouldn't grow more wheat because in fact we've got enough in Saskatchewan. It's a ludicrous argument.

And Manitoba exports electricity and Quebec exports electricity, and they do it over power lines. So not just because Manitoba doesn't have enough electricity or Quebec doesn't. Quebec doesn't need any more electricity, Mr. Minister. That's the point.

And Alberta doesn't need any more oil. We don't need necessarily any more uranium. But it's here, and we can export it. So to categorically rule it out is not . . . in theory it certainly doesn't make any sense. And it doesn't matter that Alberta has energy or Quebec does. It's who wants the energy because we spent this whole two hours talking about market analysis. The market is not here.

So your argument that you won't build it because you don't need it here doesn't fit your earlier two hours worth of discussion. So I'm absolutely serious in the conversation. And if you want to carry it on, you certainly can. But you don't make any sense.

So doing the research obviously makes money. And the demand for energy is something that you should continue to look at, and I'd certainly hope that you would.

Let me also raise the question, and maybe you could add some more information with respect to clearing this up. I wonder if the minister would like to talk more about the announcement that was made with respect to Promavia today, and if he has the information. It has something to do with Economic Development and Diversification. I know he's working on other projects like this. But from the announcement, I understand that that too is winding down and that might not work. And is it in the same category as the pasta plant? Is it a market analysis problem? Is it a combination of things? Or I wonder if the minister . . . maybe he would rather have his colleague respond some other time. But it's part of Economic Development and we're just trying to find out what kind of things might be working and what kind maybe we've got problems with.

Hon. Mr. Lingenfelter: — I appreciate the member giving me the leeway to so-called, hand this off to the minister responsible in CIC, but I would like to take the opportunity to say, as the member from Estevan will know, this project is one, I guess that I will use, as where

we need the private money in the deal, along with the taxpayers' money in order to make it work.

My understanding is, is that your government put \$2 million into the deal and that was made on the commitment that the private sector would then come forward with \$18 million of private sector money. And they were given a certain length of time to do that. And that deadline was not achieved and then it was extended. And what has happened here is the private sector money still hasn't come into the deal.

And what we have basically told the private sector folks today on the Promavia, is that we are putting this project, because of the lack of private interest in the deal, in the non-active category, but leaving it open that when they get the private sector capital, if they do, that we're very interested in doing the deal. And so here again we see a project where the private sector capital isn't in to be risked at the same level as the taxpayers' money.

And I think most business people in Saskatoon and across the province and the financial editors of most of the newspapers understand how this works, that it would be not logical for the taxpayers to put and chase the \$2 million we're already going to — or already have put into this deal — to chase it with more money before private sector money comes into it.

So that's basically the status. It's been put into the inactive column but that my department and Crown Investments Corporation is very interested in Promavia, if and when they get the \$18 million of private sector funding.

Mr. Devine: — Well, Mr. Minister, that's fair enough. I obviously believe that a good part of the lack of the announcements in projects are because of the lack of confidence in your administration and their inability of the private sector to come up with the monies in part linked with the fact that here may be trade union legislation. There have been tax increases. And there have been threats of another kinds that are of a political nature that doesn't augur well for confidence. And I just make that point.

Secondly I also make the point that you have campaigned against tax harmonization which would have been very helpful to a company like Promavia. So that they manufacture anything here, whether it's steel, whether it's airplanes and others, they became sales tax free in the province of Saskatchewan. Now that's a very big confidence builder. And that confidence index goes way up. Now you cancelled that, and I honestly believe as a result of that you're seeing companies back off Saskatchewan because they said, look, the tax advantages aren't here. It's not the same.

Now you have decided to cherry pick the odd one. And you say, well we better back-fill on IPSCO. I wonder if the minister in light of that, is he prepared to look at more and more of these targeted tax possibilities that his Minister of Finance has talked about and he has talked about and the Premier has talked about when you have obviously manufacturing and diversification and other things that are here. It would be extremely helpful if we could find, that you could consider them important enough.

If he would target something like a public share offering that is looking at raising \$18 million in Promavia as he did with IPSCO on the lines of harmonization, then I believe that you could have a very significant project here. And is he . . . In cabinet what kind of process is he into that would say, well I'm going to choose this project but not that one. I'm going to do this one but not that one. We've had too many of them: the pasta plant go down; the airplane manufacturing operation go down; AECL agreement go down; and some other things go down. Where people are . . . Other than the federal government with WDO and the federal housing changes and the federal government there with respect to GRIP (gross revenue insurance program), there's just not a lot of items that you can stand up and say, well this is real confidence here in the province of Saskatchewan.

So would you be prepared to give some of the same targeted tax measures that you gave to IPSCO to an international manufacturer of airplanes that obviously has a big demand? And he was talking about demand before. The demand analysis is done. If you look at private sector confidence, is there anything that he might be able to do to stimulate private sector confidence in this situation to help out?

Hon. Mr. Lingenfelter: — Mr. Chairman, I want to . . . I wonder if I could have leave to introduce some guests before I go on to the answer.

Leave granted.

INTRODUCTION OF GUESTS

Hon. Mr. Lingenfelter: — I'm going to take a crack at these names, although I apologize for the pronunciation, Don, if I don't get them right.

But seated in the west gallery is Don Ross and Merv Phillips. Do you just want to stand up and be recognized. Accompanying them are translator Jack Hui, Yuan Wei, Miss Liu, and Guo Pen. I want to . . .

Hon. Members: Hear, hear!

Hon. Mr. Lingenfelter: — I could tell by the hesitation before they stood up that I was having difficulty with the pronunciation. But I really want to welcome them here today. They're here to look at some investments in the city of Regina. And I wish them the best, and I'm sure all members welcome them warmly here.

(1645)

COMMITTEE OF FINANCE

Consolidated Fund Expenditure Economic Development Vote 45

Item 1 (continued)

Hon. Mr. Lingenfelter: — I want to say to the member opposite, when it comes to taxation, obviously the Minister of Finance will have much more to say about this than I. But I think as the economy recovers and as we all

hope and know it will, that we obviously will look at tax regime as one of the ways of stimulating the economy. Now how much we can do at one time or in any one budget is very difficult to know. But what we do know is that some of the changes that took place in this year's budget led very directly to an expansion in the steel industry. So it's something that we are very much interested in doing. And it will be a question of whether there's need and demand, one. And secondly, whether with the huge deficit that we have that we can facilitate that in light of the very, very tough decisions we're having to make on our spending side versus our taxation side.

Mr. Devine: — I'll just ask a question and then turn it over to my colleague. Would the member make a summary comment on his view of how much he thought the removal of tax harmonization hurt the manufacturing and processing sector here in the province of Saskatchewan. Because it was significant. Has he done any analysis on how much it really hurt the manufacturing and processing sector?

I ask the member again if he'd give us some comment in terms of his portfolio of Economic Development, how much it hurt manufacturing and processing in Saskatchewan to not have access to tax harmonization where in fact your sales tax, federal and provincial, would be exempt and refunded. Would he not acknowledge that that was a significant benefit to manufacturing and processing in our jurisdiction compared to others?

Hon. Mr. Lingenfelter: — The member will know that taxation obviously is very, very complicated in the impact on jobs and wealth creation. That's fair to say. And I really would like him to direct the detail of that question to the Minister of Finance once we get into the Finance estimates.

But I want to tell him that as we make decisions on the budget, my role as Minister of Economic Development will be, in conjunction with information from our Crowns and from our department, to come forward with ideas that will make sense in terms of using the tax system as it would relate to industry to create more jobs.

I think it's fair to say that in looking at the harmonization program, it was felt that the cost to the economy was greater than the good that it would do, and we're going to have to nudge this along much slower. That we will target and focus those areas where we can get the maximum number of jobs for the tax changes that we're making, as opposed to very broad-scaled changes that were proposed by the previous government.

I say again that there's no perfect system in this. This is an art that you'll get as many opinions as you have economists as to what would be the best way to go. I think it's fair to say that we believe as a result of our analysis, that there was great damage done to the economy through harmonization. And that we felt that the tax regime we implemented — not uncomplicated to say the least — that we implemented, would do a better job of stimulating the economy.

Now are we succeeding or not? All of the indicators that I have would indicate that it's not bad. The population of

Saskatchewan is stabilizing since October of '91. One can argue why that's happening. International immigration is stronger during this period. Unemployment rates still the lowest in Canada, although not as good as we would like it to be. The farm cash receipts up by 7.2 per cent. There again you know that that is very much driven by someone far outside of the province.

Record grain deliveries to our country elevator system, feeder and slaughter markets up somewhat . . . And so I say to him, when we look at housing starts up by 100 per cent, oil production up by 6 per cent, potash sales up by 3 per cent, uranium production and sales up during the January to May period, that we're optimistic. Is it going to work? Well we're going to do our very, very best to see that it does.

And I don't mind the members opposite being critical where it warrants, and I'm sure that over the next four years you'll have plenty of opportunity. But I think there's also the potential of killing some of the optimism that there seems to be now. And I'm sure the member opposite will come on board on those projects that are positive and help us, for the benefit of business people and the workers of Saskatchewan to make the system work.

Mr. Boyd: — Thank you, Mr. Chairman. Mr. Minister, as a result of your government cancelling the AECL agreement, I wonder if you could tell us what the direct loss . . . direct cost in terms of jobs are for the province?

Hon. Mr. Lingenfelter: — Well as the member knows, there was no jobs lost because there weren't any here. And one can speculate on how many jobs might have come as a result of a deal being finalized. But obviously this deal was signed in the first days of the election campaign last October. And those who are sceptical about it would argue that that's what it was, was an election ploy. I think it was more than that.

But there were no jobs lost because there were none here.

Mr. Boyd: — Mr. Minister, you know full well had the AECL . . . had your government embarked on the agreement with the AECL that there would have been in the neighbourhood of 200 direct jobs associated with the AECL agreement, and probably thousands of jobs in the future — potential was for thousands of jobs in the future. I wonder if the minister could update us as well, what the cost in terms of investment dollars in Saskatchewan, the loss of the AECL agreement.

Hon. Mr. Lingenfelter: — Well I'd say to the member opposite that there were no jobs here. And there certainly weren't any on the horizon when we took over with what was called the memorandum of understanding — memorandum of understanding. And the chairman will know, and the members will know, that it was far from an agreement. There was no agreement.

And you will know . . . The member from Kindersley has probably signed agreements and that in the past. And he'll know the difference between a memorandum of understanding, which was on the table at the time we became the government in October . . . There was no

agreement. There was a memorandum of understanding.

That is something far, far from an agreement that would confirm, as he would put it, hundreds of jobs, or thousands of jobs in the future. This is one of the reasons the . . . I think the people tired of the previous government, were all these exaggerations of the thousands of jobs. When? Not today. But just elect us and sometime in the future there's going to be thousands of more jobs. They just simply quit believing that, those exaggerations.

And I think it's fair to say that in the memorandum — and I want to make sure the member opposite understands this; and as I think he does, this was not an agreement but a memorandum — the number 170 was used.

In the work that we're doing now with the federal government, the number is 170 jobs. So we haven't lost anything. We're still negotiating at the memorandum of understanding level. You had no jobs. What you had initialled was a memorandum of understanding. What we're still working at today is 170 jobs and a memorandum of understanding. So for you to say that we lost these jobs — we had them in Saskatoon, and now they're gone — is false. What you had is an MOU (memorandum of understanding). What we're still working on today is an MOU that would get 170 jobs into Saskatoon.

Now whether or not the federal government and the federal Crown corporation decides to come to Saskatoon is another question. It was certainly a question in October when the election was held. It was certainly a question because there were no jobs in Saskatoon, and there was no agreement. And what you would have had to do after the election, had you won, is work out an agreement. And that's the point that we're at. We are working on a memorandum that would see 170 jobs come to Saskatoon in the area of research. So we haven't lost anything. We simply haven't brought to conclusion where you left off on a memorandum of understanding.

Mr. Boyd: — Well, Mr. Minister, there's a lot of people in Saskatoon I think would disagree with you and disagree with you whole-heartedly. And I'll just take the time, Mr. Minister, to read the comments of one columnist in the Saskatoon *Star*, August 2, 1992, Mr. Roy Norris's comments.

The biggest single accomplishment of this government is it remained loyal to tradition by turning down a multibillion dollar nuclear development. No uranium refinery or storage site or nuclear reactor will clutter the Saskatchewan landscape. This is bad news for people looking for jobs, but good news for the left-wing faithful who make up the backbone of the Romanow government.

Now the government has set its sights on putting an end to another evil — the mining of uranium. This November at the party's convention in Saskatoon, the left-wing element will launch this attack. The convention will be asked to pass a resolution banning uranium mining. If they succeed and the government complies, we can indeed turn out the lights.

Well, Mr. Minister, you said that there were no jobs associated with this. And yet columnists and people all over the province are saying that there was, if not hundreds of jobs, possibly thousands of jobs associated with nuclear development in this province. And you're saying that there's no investment dollars lost in this province. But yet people all over the province are saying that there's thousands of dollars worth of direct investment and millions of potential, if not billions of potential, of investment in this province, Mr. Minister.

And yet for whatever reason . . . I can't seem to figure this all out — but the Minister of Energy says he's in favour of the development. You said earlier this afternoon that you're in favour of the development. And yet we see nothing happening, nothing happening whatsoever. And I think it's a clear indication, Mr. Minister, of what we can expect from you — a whole lot of political rhetoric and yet nothing happens.

We've seen nothing happening with the AECL agreement. And you're saying, oh we don't want the waste site. But it didn't say that there had to be a waste site. It said, studying the potential for a waste site in the province. And yet you don't seem to agree with that.

Mr. Minister, people all over this province are wondering, where is your economic development plan? We haven't seen it at all. And yet when asked, when the Premier was asked in question period earlier, July 6, he was asked if he will table an economic development plan. And yes, he said. And here's his comments, July 6, '92: It is our intention to table an economic development plan before this legislature adjourns or prorogues. The answer is yes.

And where is it? We're a few days away from the 70th day — no economic development plan. Your Premier, the Premier, promises it. He promises that you're going to be coming forward with it, yet nothing, absolutely nothing.

AECL, gone; Promavia, gone as of today; Piper, likely gone. We're wondering what's happening with that. It's likely gone. Saska Pasta, in spite of all your comments, everyone down in Swift Current doesn't believe you, sir. They believe that you're trying to put the can on that project down there.

Thousands of dollars, millions of dollars of investment in different projects all over the province, Mr. Minister, and you don't want to take any responsibility. You simply say: if the Tories had any hand in it, it has to go. If the Tories had any hand in it, it has to go. That seems to be your stock answer.

That's why the AECL agreement, you couldn't possibly go ahead with that, because the previous administration might be able to say, we had a hand in it. Couldn't possibly go ahead with it.

Promavia, we see today that you're winding it down. No, you showed absolutely no commitment to that project right from the outset, and now we see the results of your actions, Mr. Minister. Another province, Quebec, is very likely going to pick up that project. And you're aware of it, and we're aware of it. The newspapers wrote tomorrow, I

predict, will be full of that kind of comment, that the project will likely go to Quebec.

One has to wonder where the Piper deal is going to go. One has to wonder where the Saska Pasta project's going to go, Mr. Minister. You've shown no commitment to these kinds of projects. You've shown no indication, no economic development no plan — absolutely none. And yet earlier in the session you said 700 companies are waiting with bated breath to get into Saskatchewan. We asked you here on a number of occasions this afternoon, Mr. Minister . . .

The Chair: — Order, order. Order, order. It being 5 o'clock, this committee recesses until 7 o'clock p.m.

The Assembly recessed until 7 p.m.