

June 21, 1993

EVENING SITTING

COMMITTEE OF FINANCE

General Revenue Fund
Executive Council
Vote 10

Item 1

Ms. Haverstock: — Thank you, Mr. Chairman. Mr. Premier, I actually have some questions that I don't expect you to have the specific responses to this evening. But if you could provide them to me in writing, I'd be appreciative.

Could you please tell me the total expense incurred from expanding the cabinet from when it was 12 to 18 and then to its current 16. And I ask that in your answer you detail for me the following specific expenditures: first, the number of additional ministerial assistants that were hired, including the names of those who were hired, the rate of pay at which they were hired, and their current rate of pay; secondly, other staff who were hired as a result of the expansion, again including the names of those hired, a job description for each, the rate of pay at which they were hired, and the current rate of pay of those individuals; thirdly, the total value of additional salaries provided to members of the Legislative Assembly who were promoted to cabinet; and fourthly, the total value of additional benefits and allowances provided to MLAs (Member of the Legislative Assembly) promoted to cabinet, such as their government vehicles, cellular phones, expenses for entertainment, and so forth.

Hon. Mr. Romanow: — We'll undertake to provide that.

Ms. Haverstock: — Mr. Premier, last week when I had the opportunity to raise some questions with you, I was wanting to find out from you some of the policies regarding health for the province and the direction in which it's going. I think this can be done quite expeditiously. I'm wondering if you would comment, please, and I'll go back to one of the things that I raised and was unable to get a response to.

In a letter to your fellow New Democrats, your Minister of Health wrote, and I quote: the changes coming in health will be implemented with extreme care. And yet your government decided to tell 52 communities that they would not have acute care funding after October 1. And this was before the boards were ever given an opportunity to finish their own needs assessment. I would like your comment, please, on why it was that you chose to go ahead and change the shape of the playing-field, and the rules, without notice to these communities.

Hon. Mr. Romanow: — Mr. Chairman, I don't agree with the member's view that there was no notice. The notice was fully there in the field inasmuch as everybody knew we were moving into health districts areas. But what everybody was asking the ministry of

Health was very simple. They wanted to know what the funding objectives for this year were going to be, what kind of configuration. They needed some, as they described it, some leadership from the Department of Health in this particular area. And that's exactly what we endeavoured to do, was to provide the numbers based on national averages and fiscal needs, if I may put it that way, on our side.

Ms. Haverstock: — Thank you, Mr. Premier. Mr. Chair, Mr. Premier, I guess one of the concerns that people have raised on a consistent basis is that they really did believe that they were going to be more a part of the process, and particularly those communities that were taking this quite seriously and were excited by the prospect of being engaged in change but really have felt that they were being left out.

The health centres that have been talked about have been commented on by you in the following terms. You've stated that health centres can provide physician services; can provide therapy services; can provide 24-hour, on-call nursing lines; can provide access to ambulance services; can provide access to social services; and can provide self-help counselling groups.

And I guess the concern here is not so much what they can provide, but what they will provide. And I would like your comment on that, please.

Hon. Mr. Romanow: — Well again in an attempt to be consultative and to make sure that we get the input of the communities, what we want to do is to have the health districts form themselves as quickly as they can. Then each region will know what their specific needs are with respect to acute care beds, hospital locations, and wellness centres and the like, and what they think is needed for the particular area.

The Department of Health has a variety of ideas but I don't think that they can be monolithically applied to each and every district. And I think these have to vary based on some two-way dialogue. At the rural conference on health, on this health strategy which we just completed over the weekend, there was a lot of discussion in this regard, and I'm told by the Minister of Health some rather enthusiastic support still for the process of participation by people in the system.

So we're looking for input and looking for definition, and I suspect sometime — my guess would be either shortly before or shortly after, and here I have no authority to say this except perhaps maybe my own express timetable — sometime before or after the deadline for the health districts, we will be in a better position to know which district has what and what a health centre would look like in each district.

Ms. Haverstock: — Mr. Chairman, Mr. Premier, I guess part of what people are needing is the reassurance that we already know what their health centres are going to look like. At a meeting in Eston

which I attended and your Minister of Health attended and of course the member from Kindersley was attending, there was a promise of ambulance and emergency services that would be upgraded before the closure of any hospitals. But local people didn't think that this was possible. And if anyone had taken the time in the Department of Health to have discussions with the people in this community, they would have found out that at present there aren't enough paramedics and there isn't an opportunity in the time frame that's been provided to be able to train the emergency medical technicians fast enough. So I'm just wondering on their behalf aloud, what arrangements are being made in the event that these things will not be available for people because they . . .

I wish to reiterate something I talked about last week, and that is that people do want to be a part of the process of change. They're not feeling threatened simply because reform is necessary. They're feeling threatened because of the unknown, and they want some sense that they're going to be able to help determine what happens to their communities, and particularly when it comes to being able to have the kind of accessibility to services that they require. So what arrangements are being made in the event that these things are not accessible for these people, such as ambulance services?

Hon. Mr. Romanow: — I think the answer is not an easy one for me to make, because obviously, as the member I'm sure will appreciate, what is done or not done, what can be met or cannot be met, I suspect will depend upon the district to the district. And some districts we might be short and unable to fulfil a particular community need. In another area we might be short and the Department of Health might be able to fulfil it.

You identified the Eston one. It so happens I happen to know that one too because Miss Thompson has provided me with a copy of her paper and I've looked at it, and I've asked the Department of Health people, because I promised Miss Thompson I'd get back to her in this regard, to do a further analysis of it and to give me some form of a report that I can respond to.

But as the member will know, there are many communities out there and each one will have special needs and special, perhaps, concerns. There's no doubt about it. This is really a major undertaking. And as I've indicated in many of my speeches, there'll be potholes and difficulties along the way. I don't expect it'll be a neat . . . completely neat transition. But I do think that in its fundamentals it'll be fairly successful, so we'll have to take each one of these on a case-by-case basis.

Ms. Haverstock: — Thank you, Mr. Premier. I guess the point that I'm making is that we aren't really simply talking about communities here. We are indeed talking about health districts. And I'm wondering, given your comment about there will be some communities that I'm sure find out that they don't have certain kinds of services and some that find

that they're further along the way, I think this is precisely the case in point that I was trying to make some months ago, many months ago, that why is it that when we saw the medicare system in our province unfold, it didn't just simply happen. It unfolded and health regions of this province were actually the pilot projects for it.

I'm wondering why it is that we're doing such **carte blanche** change without providing people the bottom-up opportunity to be involved and doing pilot projects in order to determine what works and what doesn't. If a certain period of time happened to be designated to be able to look at how we could provide services in certain health districts and if actually the people be empowered to carry that out, I think they would have done so not only enthusiastically but they would have been able to find out things that perhaps we won't be able to find out now because the process has been usurped.

I hope that you will comment on this because I'm wondering where it is you have stood as far as a pilot project in different parts of the province. And the reason I'm asking this is because the south-west part of the province is significantly different from the North. Northerners have been given a certain specific and different mandate and time period from different other parts of the province.

And what we're talking about here are areas of Saskatchewan that are significantly and uniquely different from one another. And I think a pilot project would have very much been a valuable undertaking when we're looking at the different needs, the different distances, the different approaches already used to health care in different parts of Saskatchewan.

Hon. Mr. Romanow: — I think essentially there are three points that I'd like to make in response. First of all, with respect to the Swift Current health district, the so-called forerunner to medicare, I think that region was around for something like 29 or 30 years before actually medicare got established. I think it's a little too long to wait as a pilot project.

The second point I want to make is that much information really is around and available. The documentation is there. It's a question of organizing it and translating it.

And finally, I think the point that the member makes herself in support of pilots is probably one of the arguments against pilots. You might be able to find a pilot project in the south-west where you can learn about the south-west, but not really learn very much with respect to the far north because the circumstances are, as you've pointed out, totally different.

I think what's required is to make the move for the reorganization of the health delivery systems based on the objectives of the health community and the people at large. So, to me, I think it's a question of why wait, and to what extent would it really be of assistance.

Ms. Haverstock: — So, Mr. Premier, I didn't indicate that Swift Current was the pilot project and that it took place in a specific time period. I indicated that it was one region that was expanded into other areas of the province on a region-by-region basis.

And what we're talking about here are health care districts. And for you to indicate that there has been documentation on this is an absolute fallacy. There is no documentation on what you're calling the wellness model of the New Democratic Party of Saskatchewan in your government. There is no documentation. And there is no documentation to which people can go from one district to another. This has not been applied. You can talk about things that have been discussed in theory, but you cannot talk about it in an applied sense. And that's what has people worried.

(1915)

And I'm not indicating for one moment that people in the south-west would be the only pilot project and that somehow that should then be taken and spread throughout the province. I'm talking about the uniqueness of areas and that people should have the right and the opportunity to participate in creating what is going to work for them. And that, to me, is really a substantive issue here.

We have a lot of people in rural Saskatchewan who have done some very, very, I think, experimental things. They've done things which have created an unusual circumstance for their particular area. And what we need to do here is to provide them with the challenge and the opportunity to be involved.

Now your health care districts Act allows you to appoint members, but will this also allow you to appoint additional members to boards when you see fit? Because I don't quite understand what the implications are of that particular Act, section of the Act.

Hon. Mr. Romanow: — Well again, Mr. Chairman, I'm sorry I cannot enlighten the hon. member about the specific provision of the Act. I do not have a copy of the Act in front of me or nor the officials either from Health or AG (Attorney General) to give an interpretation of that section. But I can certainly take a look at it and provide some information at some later time.

But the two points that I do wish to make is that I think that there's a lot written about wellness. I remember serving on a Canadian Medical Association task force committee, nationwide, myself from 1983 to '85. And we tabled a great big report, the CMA (Canadian Medical Association), talking about wellness. I don't think . . . I'm not arguing it's the definitive word, but certainly there's lots written. And the Minister of Health herself talked about what wellness concepts she had in the consultative process which began well over a year ago.

The second point that I wanted to make is that I agree about the uniqueness of the areas. I was not trying to single out the south-west, except I thought your first argument was that things should be gradual, that there should be sort of an . . . (inaudible) . . . there should be sort of a step-by-step approach to this. You were talking about how medicare evolved from the Swift Current health district. And all I'm saying, it took 29 years, or roughly that, whatever the figure . . . maybe even longer than that for it to blossom into medicare. And I think that this is too long when it comes to the reorganization of health care services.

This plan that we have allows the uniqueness of the areas. In fact, the very beauty and the pain of it is to say to the far north or to the Eston, Kindersley region, look, get together and decide for yourselves which is best for your areas rather than by fiat or by diktat from Regina. We want to hear what you've got to say.

Now we've got to get those boards formed first in order to determine what they have sorted out for themselves in the regions and in the areas, and then we can see what we can do to help out. The other way would be — and I'm not being political about this — but the other way would be to do it like New Brunswick has done it. New Brunswick simply, by fiat, has eliminated 33 hospitals and now has one hospital board virtually for all of New Brunswick. And all the standards and the nature and the form of the health care system is, in effect, dictated to by the Department of Health.

I don't dispute Premier McKenna's approach. He knows what's best for his province. I'm only saying that that is the other way to go.

We have chosen a hybrid situation, one which allows meaningful community input and sorting out, painful as it might be, challenging as it might be, participatory as it might be. Some are further advanced than others. We've chosen that model coupled with where we can guide, supplement, augment, answer at the provincial level, thus the dialogue that continues on. And if in the consequence there are some uncertainties, I think that that is the price that one pays for consultation and meaningful input.

Ms. Haverstock: — Mr. Premier, by the very statement "pilot project" it implies a time frame or it wouldn't be a pilot project. We're not talking about endless stringing out of 25 or 30 years of a pilot project. We're talking about providing people with a specific period of time in which to have some autonomy in their own area of the province and make some determination as to what works for them.

You may state that you are interested in what people have to say, but I'm hearing from a lot of people, some of whom who do not have their hospitals earmarked for closure, that people in the Department of Health and your government are not interested in what they have to say. So that's in part why I'm asking this series of questions this evening to you.

And you may indicate, Mr. Premier, about wellness

and having . . . that we're rife with material as far as wellness is concerned. But you are indeed talking about what you specifically stated, and that's concepts. Concepts are quite different from applied practice, and that's what this happens to be about, that people don't simply want to be told that they'll be safe, based on a concept. They want to be involved in knowing what they can have in place before fundamental changes are made and their lives are put at risk.

And it's a very, very different thing for your dad or your mom to be in Regina or Saskatoon and have a heart condition versus someone who's in Mankota with a mom and dad who lives there with a heart condition.

And that's really what this is about. It's ensuring that people indeed are listened to and that they are empowered to participate in change to their own district. And these people with whom I've spoken, they are not adverse to change. They're quite willing to embrace change but they don't feel like they have been real participants in that and that's their major concern.

Mr. Premier, there are questions about how districts will deal with debts for capital projects, and in a situation where a board has been created where acute care hospitals must be converted into another facility, who is going to decide how debts from capital projects are settled?

Hon. Mr. Romanow: — Again, Mr. Chairman, with respect to the specific question, this will have to be answered and will be answered, I suspect, by fall time when the boards are actually established and the consultation process has been completed.

As for the first part of the comment, the use of the word empowerment, that's exactly what we're doing here is we're empowering people. And again I understand what the member says but I don't think it's empowerment to say, well we'll give or establish a pilot project for one area but for the others it trudges along the way it does. The system sort of decays and gets weighed down by all of its inefficiencies and all of its governance and structures, but for this area it continues.

I mean I understand what the member's saying but I don't think it works that way and I think, moreover, not much can be learned. I repeat again, from a south-west pilot project with respect to its health care needs, a lot can be learned but not all can be learned from a pilot project in the south-west and, say, the far north. We have to get in there and we have to give it a try and have to see what the communities can do.

And I have great faith and confidence in the local community, local communities, local leaders of the communities, to get together around the health district boards and talk amongst themselves and decide what exactly would be needed for this community or that community, what kind of ambulance care, what home care, what outreach care, meals on wheels. I think that people in this province are ready to

contribute in a very positive way and that's what they're telling us — let's get on with it and let's get our sleeves rolled up and do the job.

Ms. Haverstock: — Mr. Chairman, Mr. Premier, you're absolutely right. The people of Saskatchewan do know what's best for themselves and they do know what's necessary for their communities, and they do not feel like they're being much heard in terms of the contributions that they're able to make.

Part of the concern that I have here is that some of these answers should be known before the fall when these things take place. If you don't know the answers, then perhaps we should find out some of those answers before we proceed any further.

In the event that money is owed by a community whose hospital is slated for closure, who's going to be obliged to pay that? I mean, you should have the answers to these things before it happens, not waiting until October to determine after the fact.

Hon. Mr. Romanow: — Well again I say with the greatest of respect to the hon. member, she can't have it both ways. You can't on the one hand say that we should be listening, and then on the other hand saying, as you are to me tonight, don't worry about what the people might have to say about this; tell us and tell me what's going to happen in these sets of hypothetical questions.

So what is the position of the Liberal Party? Do I listen or do I not listen? What if I put out something by diktat, or do I answer something on hypothetical circumstances? I'm saying to you that the proper way to proceed is to listen to the communities, listen to what they've got to say, have them put forward these concerns of which they are variances.

There are variations of that for the very argument the member talks about. The province is different, and in due course, hopefully with more people in support of the policy conclusions that are made than opposed, we can unveil a plan which has a sense of empowerment, a sense of purpose, a sense of flexibility, and a sense of modernity to it.

Ms. Haverstock: — Mr. Chairman, Mr. Premier, with the greatest respect to you, I'm not asking these questions for my well-being. I'm asking what people throughout this province in various communities, particularly rural communities and remote rural communities, are asking of you. But you're not hearing.

They want to know what happens in terms of how debts from capital projects are going to be settled. They want to know who's going to be obliged to pay when we're talking about monies owed by a community where the hospital already is slated for closure. They're wanting to know this.

And I don't think that it's simply a case of, you either listen to the people but don't have any answers and wait for them to come up with the answers. I think that

you're obligated to know where it is you're going and what direction you're going in and help these people to, first of all, understand the bigger picture and allow them to be participants in the process. These are questions they're asking, not me.

The idea of voluntary funding is another one that creates an enormous problem. We all know that some areas of this province are more affluent than others. This inevitably means that some health districts in this province will be far better off because they can get voluntary funding while those in poorer regions of the province are going to be left out in the cold. People in those areas will receive . . . they're afraid they will receive a lower standard of care. Are you concerned in fact that we have a possibility here of having this lead to a two-tiered system of health care in the province?

Hon. Mr. Romanow: — Well indeed the whole purpose of this is to avoid a two-tiered system of health care because the reform is designed to obviously grapple with the growing push in Alberta and other places for a two-tiered system of health care. So the answer to that is, of course we don't want a two-tiered system.

But I want to come back to the very, very specific questions which I'm assuming the member had opportunity to ask the Minister of Health about, and received answers or did not receive answers, at least would have gotten the flavour of what I'm trying to say here. When the member gets up and says that this is what the people are asking, it's the member who's asking the questions. I'm not denying that there aren't people out there who don't ask these questions; but look, we're trying to answer them by listening and getting their input.

There were hundreds at a rural health strategy, rural health strategy in Prince Albert, just 4 or 5 days ago, raising these and other issues in dialoguing, responding to the minister's and the officials' requests for their inputs. Now that's, I think, the healthier process, that's the process of empowerment.

If the argument is that we should simply by fiat or diktat, I repeat again, simply articulate the answers today, I'm not prepared to do that. I do not have the detailed information to provide that in any event unless I get the Department of Health people to join me here. But even more importantly than that, what I want is I want a full and adequate discussion and input by the public at large.

Ms. Haverstock: — Mr. Chair, Mr. Premier, people may infer from your comments that I'm talking about a fiat or a diktat. I'm not making reference to either one of those things. I'm talking about process in dealing with change to a system that has taken years and years to evolve. And part of what we're talking about here is so many people in this province feeling under siege and not entirely as a result of things that have happened under your administration. They are unable to cope in so many ways with the changes in their lives, with so many of their young people leaving their

communities, the fact that they are hearing more and more often not only what is owed by the province of Saskatchewan, but hearing from the Canadian taxpayer's association how the Government of Canada actually owe \$640 billion, and what this means to their lives, the fact that they're having to deal with so many changes, just in the way that their communities function — small businesses having more difficulty and farm families not being able to cope with all of the things that have transpired over the last decade, not just in the last year.

Part of what I'm trying to convey to you is that this one more change is very, very difficult for a lot of people. It's difficult for health care workers in rural Saskatchewan. It's difficult for health care administrators in rural Saskatchewan. It's difficult for people who are ill in rural Saskatchewan. And it's difficult for people who want to remain living in rural Saskatchewan. They want some sense that it isn't just gratuitous words in rhetoric, saying everything will be just fine.

(1930)

Yes they want some sense of direction. They do want some direction. They want to know that you know where you're going with the health care plan. And they also wish to know that they can be part of that process. It isn't an either/or thing. It isn't simply a fiat or diktat versus going out and listening to the people. It's a combination of making clear what your real vision is, what the real plan is — not just the vision — but also the plan and the process, and then including them in that process. And that's really what this is about.

And I hope that what I've been able to do . . . you talk about people meeting in Prince Albert — well I do have calls, not daily any more, but I do have calls frequently. And I have had people who are a member of health care boards in my office as recently as last Friday. And you may say that I'm simply asking these questions on my behalf. I'm not. I'm asking these questions on behalf of people who are concerned and they do want a clearer sense of what the real plan is.

Item 1 agreed to.

Items 2 to 6 inclusive agreed to.

Vote 10 agreed to.

**General Revenue Fund
Executive Council
Electoral Expenses
Vote 34**

Item 1 — Authorized by law.

**General Revenue Fund
Loans, Advances and Investments
Crown Investments Corporation of Saskatchewan
Vote 165**

Item 1 — Authorized by law.

**General Revenue Fund
Loans, Advances and Investments
Saskatchewan Power Corporation
Vote 152**

Item 1 — Authorized by law.

**General Revenue Fund
Loans, Advances and Investments
SaskEnergy Incorporated
Vote 150**

Item 1 — Authorized by law.

**General Revenue Fund
Loans, Advances and Investments
SaskTel
Vote 153**

Item 1 — Authorized by law.

**General Revenue Fund
Legislation
Vote 21**

Items 7 and 8 agreed to.

The Chair: — And that concludes the votes and questions for the Committee of Finance. If we could ask the Premier at this point to thank his officials for attending us before the Minister of Finance moves the motions for the committee.

Hon. Mr. Romanow: — Mr. Chairman, you stole the very thought from my mind and the very words from my lips. I want to thank the hard-working officials and to be very frank with you, the exchanges that I've had with the official opposition and the leader of the third party . . . So thanks to all.

Mr. Martens: — Thank you, Mr. Chairman. I'd also like to thank the Premier and his officials for their work and even accommodating us over what was half of the supper hour. Thank you very much.

Motions for Supply

Hon. Ms. MacKinnon: — Thank you, Mr. Chairman. I move:

Resolved, that towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1993, the sum of \$68,514,200 be granted out of the Consolidated Fund.

Motion agreed to.

Hon. Ms. MacKinnon: — Thank you, Mr. Chairman. I move:

Resolved, that towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year

ending March 31, 1994, the sum of \$2,947,231,000 be granted out of the Consolidated Fund.

Motion agreed to.

The committee reported progress.

FIRST AND SECOND READING OF RESOLUTIONS

Hon. Ms. MacKinnon: — I move that the resolutions be now read the first and second time.

Motion agreed to and the resolutions read a first and second time.

APPROPRIATION BILL

Hon. Ms. MacKinnon: — Thank you, Mr. Speaker, I move:

That Bill 91, An Act for granting to Her Majesty certain sums of Money for the Public Service for the Fiscal Years ending respectively on March 31, 1993 and on March 31, 1994, be now introduced and read the first time.

Motion agreed to and the Bill read a first time.

Hon. Mr. Lingenfelter: — Mr. Speaker, I move the Bill be now read a second and third time and passed under its title, by leave.

Motion agreed to on division and, by leave of the Assembly, the Bill read a second and third time and passed under its title.

COMMITTEE OF THE WHOLE

**Bill No. 90 — An Act to protect the financial viability of
NewGrade Energy Inc.**

The Chair: — I should like the Minister of Justice to please introduce the officials who have joined the committee this evening.

Hon. Mr. Mitchell: — Thank you, Mr. Chair. I have with me on my left, Mr. Harold MacKay, Q.C., of the law firm of MacPherson, Leslie & Tyerman. Once again I have Mr. Ching, the acting president of CIC (Crown Investments Corporation of Saskatchewan), and Mr. Darryl Bogdasavich of the Department of Justice with me.

Clause 1

Mr. Martens: — Thank you, Mr. Chairman. I have a few observations to make, Mr. Minister. I have not had an opportunity to discuss this with you and talk to you about this from my perspective. So I just want to make some points here that I think are relative.

I think that there probably isn't a family in Saskatchewan that hasn't at some point in time dealt with a co-op movement, and have parents and grandparents that have been involved with it.

(1945)

And regardless of philosophy, they've organized these kinds of organizations throughout the province. And so when you speak to them about various concerns, they're absolutely, totally familiar with some of the aspects of what the co-op movement is and what it can do. And there probably isn't any one singular agency that is more focused and has provided that dynamic for being involved than the petroleum side of the industry.

And I go back in a long way with that to my grandfather who was probably one of the first people to sign up in the co-op in the south-west. And that was a part of what the family did there, and it was a community effort. That's what it was. It wasn't a philosophy. It was a community response to a need.

I guess one of the things that concerns me about how you're dealing with the refinery and FCL (Federated Co-operatives Ltd.) is that you're taking an almost an overpowering kind of an attitude towards them in bringing this Bill forward.

I look at it and I'm concerned about it from a number of areas. You have all kinds of opportunities to bring forward, as my leader said the other day, arbitration. You could deal with arbitration in a way that would probably satisfy the requirements. And yet on the other hand, Mr. Minister, you negotiate in the public with taking away their rights in a court of law. And that is, for me, somewhat obnoxious.

It has been made that way by some of the other actions that you've done in the past. And one of them is the employee contracts that you put forward, and that . . . taking the right to the court away on that one. And then also on, even more, the taking away the right to the court by taking away the GRIP (gross revenue insurance program) contracts that the farmers had last year and saying, well it's in the best interests of the common . . . of the taxpayer and not recognizing that there are a significant amount of those people who you took it away from who are also taxpayers.

And so, Mr. Minister, when I see this coming up for the third time, my question then becomes: how many times are you going to destroy individual groups of people in the province of Saskatchewan with this kind of a function, with taking away their right to access to the court? And I find that alarming. And you've done it systematically and for what you probably consider the good of the total.

And I raise the question from another perspective. When are you going to do this with the pension plans that teachers have? When are you going to do this with pension plans that SGEU (Saskatchewan Government Employees' Union) have? And that, Mr. Minister, is the next on the book. And if you really have the debt of the province in mind, then go after those big ones. But no, maybe that's too big. Maybe that's too big. The teachers may amount to about 25,000 teachers in total who are in the pension plan, and I couldn't tackle

that because there's a lot of teachers in my caucus.

And yet you deliberately decided to take on the rural people in the province of Saskatchewan and deliver to them something that you would probably, if you were outside of the legislature, have taken and been adamantly opposed to. If I would have done this in the 10 years preceding, taken the legal rights away from people to appear in the court, then you would have probably been the first to attack on the principle of democratic rights. And yet you, sir, have seen fit to do it, not once, not twice, but three times.

And then I ask the question, who's next? Who's going to be next that you're going to say, we can eliminate that contract from the public and say it doesn't matter? And that's why the Federated Co-op put this little line there: its threat of legislation to unilaterally amend the upgrader agreement is a totalitarian act unworthy of a democratically elected government. And that, Mr. Chairman, is, I believe, they're accurate in their assessment of it, and they're accurate in defining what you're doing. And that causes me a great deal of concern.

The other reason why it causes me a great deal of concern: what you're doing, Mr. Minister, is attacking the under . . . well let's . . . for a better way of phrasing it, the underbelly of the co-op movement. That's what you're attacking. You're attacking the one that is indefensible from your perspective. And that is the reason why the co-op is irritated by it. That's why people in this province are irritated by it. You are, for example, in the \$90 million that the Federated Co-op earned in dividends, or that's what they take in, the \$90 million — 34 or \$30 million is roughly what is generated out of the refinery.

Now that \$30 million, that \$30 million, Mr. Minister, accrues as a net benefit to who? It affects just about every retail co-op in the province of Saskatchewan. Why, Mr. Minister? Because they are in fact supplying the basis for solvency of the majority of the small co-ops in rural Saskatchewan. So what you're doing is you're attacking those same rural people that you've attacked through the last session of the Assembly and through this session of the Assembly.

And I'll just use one example of that — the small community of Glenbain which is typical of all of the people. And you were in the south-west for a while; you know where it is. They have a very, very small hardware and grocery part, but the majority of that co-op operates on the basis of its petroleum products, the majority of that.

And you can go to the Vanguard Co-op which is a small, independent co-op retailer. You can go to many of those in the province of Saskatchewan. The reason they survive in rural Saskatchewan is because Federated gives them a dividend in order for them to cover off the losses that they have in their hardware and in their groceries which they use in fact to supply a service to the community. That is the reason, Mr. Minister, why I look at this in a way that says you're just devastating those rural retailers in Saskatchewan,

and that has caused a concern among many of the people in the province. And I say to you that you are putting that co-op movement at risk.

The article that Federated took out says the legislation puts at risk the future of CCRL (Consumers' Co-operative Refineries Ltd.) which operates Saskatchewan's only oil refinery. And you're doing that, Mr. Minister. There has to be a way that by arbitration that you put together the deal that's going to make it work from the taxpayers' side as well as FCL. You can't be exclusive, just to say that's done and I'm going to take that \$34 million and put it into my pocket. Because that's what you're suggesting to the people of the province of Saskatchewan.

And I'll just give you an example of what that means on the average farm in the province of Saskatchewan. The majority of the people who buy at a co-op petroleum service station buy their bulk fuel from the people from the Federated Co-op. And I'll use myself as an example. This spring Federated Co-op paid to the Pioneer Co-op in Swift Current a significant amount of dividends in relation to what they had sold, and by the litre. And I believe it came to three and a half cents a litre. That's what the Federated Co-op gave to Pioneer Co-op in Swift Current.

And you know what that was on my farm? — \$5,000. Now there's three of us living on that place so you can split that off whichever way you like but it came to \$5,000. Now that \$5,000, if you want to tax it, you're going to go right down to the very last of those farm rural people that you have picked on this session and last session and you're going to take that out of their pocket again. And, Mr. Minister, that is what I see as one of the major problems in this.

Fine, each one of those individuals is not a taxpayer but the majority of them are. The Premier read from information he had from Farm Credit Corporation this afternoon. He read about a third of the farmers in the province have no debt who pay taxes. There's a third of them that are in the split between taxpayers and not taxpayers, and then you have the bottom end of the equity scale that are not the taxpayers. But you have that in every group in society in the province of Saskatchewan.

And that, Mr. Minister, is the reason why these people don't deserve what you're going to give them. They deserve a fair deal; they deserve a fair response from the perspective what the agreement says and also from what the refinery, as a separate unit from NewGrade, is required . . . or has been traditionally paying to the producers of this province of Saskatchewan. And that, Mr. Minister, has to be recognized.

I know that you took \$20 million out of rural Saskatchewan when you took the farm fuel rebate and made coloured gas. That's what you did there. You've taken and cut back on fees paid to the provincial government. You've taken money in there. All of these things are just pulling the money right out of rural Saskatchewan, Mr. Minister, and now you're doing

another one. Now you're taking another one and you're going to say, this is going to be better. Well Federated doesn't believe you're right and I have a tendency to believe them over you.

And then another thing that comes to mind, Mr. Minister, is this: the concern that I have about other people wanting to invest in here. That causes me a great deal of concern and I think it should cause you some concern too. Now in order for us to attract business of any kind, you're going to have to have a climate that allows them the freedom to operate. And if there's a disagreement on the basis of a contract, then that disagreement has one place it has to be dealt with: not in this Legislative Assembly, but in a court of law. Let the court determine whether you have a right in a contract, in a legal, binding contract.

(2000)

Another point that I want to raise with you, Mr. Minister, is that I believe that you have the responsibility to have windows of opportunity, a climate that is here for investment, and I think that you're taking it away. Every time you realign one of these functions of a contract with people, you destroy your own credibility in the public of the province and other provinces. And that, Mr. Minister, is a fact.

Federated Co-op is not unique to Saskatchewan; in fact, Federated Co-op is . . . probably only one-third of its sales are from Saskatchewan; the majority of them are from outside.

Now the next one to come along, are you going to . . . one where you have a problem with a contract, are you going to do like you did with the potash mines? Where the Supreme Court said to you and to the Attorney General at the time, we're not in agreement with the way you are taxing and therefore you had to change the rules? And what you did finally was you bought the potash mines. And that cost the people of the province of Saskatchewan very, very dearly, Mr. Minister. That cost the people of the province.

I was not directly involved in politics as a member at the time but, Mr. Minister, I ran in 1975 and I ran in 1978, so I understand what was going on at the time. And that, Mr. Minister, led to the fact that there was significant amount of people said, I don't want to do business in that province because of that. And that is a fact, Mr. Minister. Not only did you do it with potash, you did it with other groups. You did it with pulp mills. You did it with packing plants. You did it with a whole group of people in the province of Saskatchewan. You bought them out.

And just take Intercontinental Packers, for example. You bought them out — and what was their value? Their value was not changed, didn't increase their jobs, didn't increase the volume of jobs. Nothing of that happened. And now you're saying, oh this is a bad deal done by the Tories, and now you want to discredit Federated Co-op in the whole scheme of things. And that, Mr. Minister, is not fair to the Co-op and it's not fair to their members.

The members' rights are at risk, Mr. Minister, but I have heard you explain this away when it came to the employee contracts that you broke when you put the rules and legislation in. I heard all those arguments but I don't believe you. And I'll tell you why I don't believe you. A court of law will some day determine, Mr. Minister, by the Supreme Court, will determine that you did not have the right to take that away from . . . those rights away from people. You do not have the rights.

There is only one time that rights can be taken away from individuals to appear in a court, and that is when the court determines it, Mr. Minister — not when the Legislative Assembly does. Now you don't have the right of this Assembly to take that away from people because the Bill of Rights establishes that in the first place. And I don't believe ethically and morally and legally you have the right to do that.

And yet you say, well there is one part of the constitution that I can get around. It's a notwithstanding clause. Or then I can go to the part that says, if there's a reasoned approach to the kind of things that we would say it perhaps is in the best interest of the people. And that's why you put the whereas's in, to try and justify your position to the public, to try and justify your position in relation to the court.

And that, Mr. Minister, has not been done too many times. I don't ever recall it having been done when I was in government. And I don't ever recall it ever appearing prior to 1982. And that, Mr. Minister, is the reason why this Conservative government has a serious problem with what you're doing. You're taking away that access to the court because you haven't got the courage to take it to court. You haven't got the courage. In fact you haven't got the courage to let it go to the Court of Appeal to deliver you an answer to what that would be. What that contract reads . . . is it a legitimate contract? Who else can you break contracts with, Mr. Minister, and then not allow them to go to court?

Now there's going to be some discussion here probably because I'm a farmer, and a rancher, that we took the rights away from them in land bank, but we never took the access to the court away on them. We never did. In fact they had a better agreement after they were finished with land bank than they had before. And we still haven't done anything to change the flow of the access to the court. We never did.

And yet I can recall early in 1982 and '83 when we did this, there was a big kerfuffle about it and then people said well, you're breaking the contract. What they found out was that the contract that they got was better than the one they had. And that is a fact. And when they wanted to take it to court they were not excluded from court. But you, sir, on three occasions have done that. You have refused access to court.

What's also interesting, Mr. Minister, the NDP (New Democratic Party) Party has traditionally represented

groups of people who are supposedly those people who are the suppressed groups of people. And I'm going to say to you that when you decided to take the access to the court out of the GRIP and the revenue contract, you took it from those people who had the least opportunity to mount an attack, to go to the Supreme Court on a challenge on whether you had the right to rule them out of the court.

And so today that's what you're doing again. And I say to you that if my tax . . . if my dividends were going to go to challenge you before the court, I would say to my co-op representative in the south-west part of the province, you do that because there is more at risk in this than just FCL. There is risk in every one of those small communities in the province of Saskatchewan. Every one of them. And that is the reason why, Mr. Minister, we find this extremely onerous, and we say to you, you should not be doing it.

And I guess those are the kinds of challenges that I put to you as the Minister of Justice who is the first judge of the province. And I ask you how you can do that, how in good conscience you can do that. And that is the question that I lay before you, sir.

I don't understand how you, in good faith and conscience, can do that as the Minister of Justice. And that's my question for you today. How can you do that? I find that very difficult to understand. As a defender of the justice system, how you can do that. And I guess maybe I should wait for an answer for you, and I'll do that and see what you have to say.

Hon. Mr. Mitchell: — Mr. Chair, and to the member, the short answer is that in this Bill we're not taking away anyone's right to sue in respect of any cause of action that they now have. I don't know where this idea got started that the Bill did that, that it was interfering with existing rights. But the plain fact is that the Bill does not affect the right of anyone to sue anyone else under any contract or any cause of action that they may have right now.

Now the member says that's what I say, and that's right, that's what I do say because the member looks at the Bill for two sections that affect the right to the access to the courts. One is section 12, and the other is section 16. So far as section 12 is concerned, this applied to actions or causes of action arising out of or relating to the enactment or application of this Act or anything done pursuant to or in connection with this Act or the regulations or an order in council made pursuant to this Act.

And that's why I say as regards all the rights that everybody has, as we stand here and speak, those rights are enforceable. They're not going to be affected by the passage of this Act. They will be able to go to court tomorrow or next month or next year, whenever they want to, and this Bill will not interfere with their right to do that.

The second section where there is a reference to access to the court is section 16. Section 16 merely protects decisions of the minister where the minister is

given the responsibility, as is so often the case in legislation passed in this Assembly, to make certain decisions. And all this says is that it is the minister who will make those decisions. The court can't interfere with the minister's decision. The minister is mandated by this Assembly to make decisions and we have done that with almost countless boards and commissions throughout the whole of the government system in this province and every other province in Canada and for that matter the Canadian government itself. And those decisions are almost without exception protected by this kind of a clause.

If the minister makes a decision that the minister has no power to make, then the courts can enter, and they do it all the time and set the decision aside. That happened just the other day in connection with the Labour Relations Board decision in the Westfair case. Mr. Justice Barclay set aside the order of the Labour Relations Board on the basis that the board did not have the jurisdiction, under the law that we passed in this Assembly, to make that order. So that would be the case here.

But section 16 merely sets up a situation where the minister's decision can't be reviewed and altered in the courts where the minister is given the power to make that decision by this House. In other words it's the minister who's responsible, not the courts.

Now that's a far cry from what the member was saying. That's a far cry from interfering with the rights of people to go to court. Anybody who can now go to court can go to court after this Act has passed. Those rights are not interfered with, not interfered with at all. And as I say to the member, I don't know where this idea got started. I don't know where it took root but it's been wrong from the beginning. And I'm not blaming him for raising the point, but it simply has no substance.

The second point that I would like to deal with that the member raised is the notion that in this Bill we are, as he said, attacking the underbelly of the co-op movement. Now plainly that is a misstatement. We have made it crystal clear in this House and outside this House that we want to negotiate the issues that are outstanding in this matter and we propose to do it on the basis of the Estey report.

The recommendations in the Estey report are well known to all of us. And all of us who have read that report must have been impressed by the extent to which Mr. Justice Estey was protective of the co-op system. Over and over again he made the point that the co-op system is a very important factor, a very important institution in the life of our province. And he was at pains to ensure that his recommendations did not endanger or threaten in any way the integrity, the financial integrity and the viability of the co-op system.

But we want to negotiate a settlement to these matters on the basis of Estey. It is the last thing that we want to do when the member says we're attacking the underbelly of the co-op movement. That's the last

thing on our minds.

What we're trying to do is resolve some of the obvious problems that exist in the contractual relations surrounding the NewGrade facility. That's all. And that's a far cry from attacking the underbelly of the co-op movement. We think Mr. Justice Estey was perfectly right when he was as protective as he was of the co-op system, and we want to negotiate a settlement that's consistent with the recommendations that he put forward.

(2015)

Now the member said one other thing in connection with arbitration. And as I heard him, he was suggesting that the issues between the government and Federated might be . . . the outstanding issues that we're trying to negotiate and trying to address in this Bill might be arbitrated, and that from that perspective would be a new idea. No one has proposed that. Estey didn't propose it. Federated hasn't proposed it. I don't think that the Leader of the Opposition proposed it. I didn't hear it anyway.

But there are of course a . . . Arbitration itself is an issue in these negotiations because the arbitration process has not been working and hasn't for several years. It has been unblocked recently, and we welcome that. And if that works, of course, then the arbitration provisions in this Bill will never have to be proclaimed. But the experience with arbitration has not been encouraging in this relationship, and so we propose to pass these provisions and, in the event that they become necessary to use in the future, to use them. But we are perfectly prepared not to use them if the arbitration process continues and if it works.

Mr. Martens: — Well, Mr. Minister, I believe it was on Friday when the Premier was here, the Leader of the Opposition raised the matter of arbitration with him and said that we would be prepared to allow you to deal with those I believe it's four outstanding issues that are in relation to the agreement, that need to be dealt with.

We said we would back away and not allow any interference to occur during the time of that arbitration. And we would be willing to allow that to happen. And the reason I raise that as a point to consider and also to say to you as a response to what you mentioned to us, that as I read through the Bill, on page 3 and on page 4, you have set down a pattern where CIC (Crown Investments Corporation) will deliberately and systematically take away the rights of individuals because they have the . . . of the FCL because they have the authority under the Act to do that.

You have dispute settlement mechanism and protection of NewGrade's financial viability and what you do is you move it from its own independence as an organization that is separate from FCL and separate from government, you take and establish the fact that the Lieutenant Governor in Council can determine exactly the rules of arbitration. You say, we will

arbitrate after this Bill is done, you put it into law, and then your decision for arbitration is what we get. And we're saying to you, that's not the way it should be done.

It says:

CIC may, on behalf of and in the name of NewGrade, do either or both of the following:

Then it says:

CIC may exercise its powers pursuant to subsection (1) . . .

Then it goes on:

(5) NewGrade shall reimburse CIC for the costs and expenses (of all of the things in relation to the arbitration) . . .

Then you're going to take and not only say that all of these things that we have discussed are going to be according to CIC rules — FCL has nothing to say about it — they will then have to pay, they will then have to pay the upgrader, NewGrade upgrader, for those costs incurred in that confrontation and arbitration.

And then we have the minister stepping in, in light of the Lieutenant Governor in Council getting involved — which is the cabinet — then the minister has the authority, based on the decision made by cabinet, made by cabinet under section 4(1), Mr. Minister. Under section 4(1), cabinet will decide what the rules will be in arbitration.

You'll set the parameters, you'll set the rules because you will say, I have five people in the board of directors and they have three. We will determine that. We will say to NewGrade, you do this, and FCL has no choices. And that's what the problem is.

. . . the Lieutenant Governor in Council may, by order in council, issue directives governing the conduct of the arbitration . . .

Now is that outside of government that is allowing the freedom of arbitration to work? That's not what I read. That's not, in my view, what that says. It goes on to say:

. . . may, by order in council (by the cabinet), issue directives governing the conduct of the arbitration, including, without restricting the generality of the foregoing, directives amending, modifying or supplementing the rules and procedures respecting arbitration set out in the operating agreement.

So you can change anything in the operating agreement to suit yourself and then you have absolute determination by cabinet. Who goes and does it? The minister. The minister then goes out and does as cabinet has directed, based on section 16.

And that, Mr. Minister, is where this whole thing flies

apart. In FCL's estimation of it, in my estimation of it as a politician, that is where the problem exists, because you will determine behind closed doors what the rules will be for arbitration. You will determine then that the minister shall set those guidelines. And with that power, with that power:

The Lieutenant Governor may, by order in council:

require CCRL and the Government of Saskatchewan to make equal cash payments to NewGrade whenever the minister (the minister, Mr. Minister) considers that NewGrade has experienced or may experience a cash flow deficiency . . .

Now we go into the area of a probable . . . If you consider, for example, that CIC needs some money, you can say to NewGrade, well there's a probability that the differential in the oil, in the sour crude, is going to be \$3 next year. And then you can say, well we say it may happen and therefore we're going to say, you're going to have to pay equivalent to that. And then FCL loses. They'll lose every time. Because that's what your agenda is on this one, Mr. Minister. It's to take control of not only, not only the upgrader but the refinery as well.

And you do it, Mr. Minister. You're laughing, and what you're doing is you're doing it . . . In this Assembly, what you can't do directly, you can't do indirectly. And that's a rule that should apply to this decision right here. You are going to put the refinery at risk by the things you do with NewGrade. And what can FCL do then?

And it's like they said, we can just give up the whole thing. And we've had the Premier suggest in this Assembly, give me a dollar, give me a dollar and I'll sell the upgrader. And he said that on a number of occasions.

An Hon. Member: — I'll even do it for fifty cents.

Mr. Martens: — I'll give you the dollar right now and this caucus will buy it. I'll even throw in the commission of ten cents.

An Hon. Member: — Will you take all the debt too?

Mr. Martens: — Well why not? The people in the province of Saskatchewan believe in it. The people in the province of Saskatchewan believe in this. But you don't. You're the guy that doesn't believe in it. I'm sorry. The Premier doesn't believe in it. The Premier is the individual who doesn't believe in the NewGrade and the refinery. And that, Mr. Minister, is why this Bill is here. Because he doesn't believe in it and therefore the people of the province of Saskatchewan and the co-op movement have to suffer for that. And that causes very, very serious concern.

So when you add up what you said in relation to what I said, because the one comes first, the directives from

CIC are going to come down the pipe from the Lieutenant Governor in Council. Then they tell the minister and the minister will tell NewGrade exactly what the deal will be. And that is the reason why, that's the reason why this Bill is so repulsive to the Federated Co-op. And that, Mr. Minister, is why we on this side of the House have become rather defensive about the position in relation to this, and your position.

And then, Mr. Minister, and then, Mr. Minister, when you decide what the arbitration process is going to be, what the rules are going to be, then the court is . . . opportunity for court in relation to that arbitration are taken away. And you say, oh no, oh no, oh no, but I don't find it in here.

If you really believe that why don't you take it out. Why don't you just amend this Act to take section 12 and section 16 out and then see what kind of a Bill you have. Then you would have to rewrite the Bill, Mr. Minister, because then your arbitration wouldn't work because there's no goodwill in this Bill. There is no goodwill at all between you and FCL.

This is a hammer, as driving a wedge between the government and Federated Co-op, and that causes a very serious concern on our part and the part of the members. And that, Mr. Minister, I'd like to have you explain to this Assembly how this process works from the time that you decide that your cabinet has the authority to set the arbitration. You tell this Assembly how you think it's going to work and then I'd like to hear that, and then we can talk further on it.

Hon. Mr. Mitchell: — Well the member is of course just dead wrong, and the member knows perfectly well he's dead wrong. The member is dead wrong when he suggests there's some other kind of agenda operating here, and the member knows that he's dead wrong.

The fact of the matter is that this is a project in difficulty. This is a facility that is in difficulty. Estey makes that perfectly clear. A former Supreme Court justice in this province for five and a half months working with the parties to try and make this project work and he concludes that there isn't enough cash flow in the project for it to work. It just doesn't generate enough cash flow to ever repay its debt. That's something we have to accept, that's something you have to accept. And it's something we have to do something about.

It would be just the height of responsibility for us to sit here in this Assembly and just allow that situation to drift along, because it can't work. Ultimately it will crash.

The only question at issue is how we can save it, how we can put it back together, how we can remake the project in such a way that it will survive. And that is a very, very difficult question. It's a very difficult question for the government. It's a very difficult question for the opposition. And I realize your sense of ownership of this facility because of course you

negotiated this deal in the first place.

It's a very difficult problem also for Federated to have hooked up to their refinery an upgrader that just is not going to work; it's going to fail unless something is done. And Estey makes that perfectly plain, and there's no miracle that's going to come along that's going to save this. The differential is not going to grow to such an extent that suddenly there's enough cash flow to carry all this. It's not going to happen and we can't just sort of sit back and hope and wish that something good will come along one of these years and then it won't be such a problem, or maybe the problem will go away altogether. It's not going to do that. It's going to require us to begin to solve it.

Now we want to solve it by discussing with our partner, Federated, CCRL. We want to discuss with them the issues, and Estey does a wonderful job of identifying the issues. We want to discuss with them how these issues can be resolved in such a way as to make the project work, as to make the facility work. We want it to work. We want it to work. We want it to survive. We want it to continue to process Saskatchewan heavy oil into feedstock that can be used in that refinery, and we want Federated to continue to do well in its petroleum division from its profits from its refinery. We want it to do that. We want it in due course to reach the solution proposed by Estey as to the ownership and control of the refinery and upgrader. We want that too. All of that the member must know. In spite of all his rhetoric, the member must know that.

(2030)

The question is how we get there. We want to get there, as I say, by discussions and by negotiations with our partner. And I ask the question: what kind of partnership is it when you can't even get discussions going with respect to the issues that aren't just our issues but are issues that have been identified by Mr. Justice Estey, who spent five and one-half months working with Federated and with the government trying to find a solution to these problems? So we're not just pulling issues out of the hat, pulling issues out of the air saying, we want to talk about these. We want to talk about what Justice Estey said we should talk about.

Now what are you going to do when you can't get those negotiations going? Sooner or later you have to act, and that's what we're trying to do in this Bill. We're trying to act.

Now I appreciate what the Leader of the Opposition said last Friday with respect to the arbitration issues. That was an important thing for him to say and, as I say, we are heartened by the fact that Federated have unlocked the arbitration process and are allowing those issues to go to arbitration. And if that works, that's just fine.

If that process as it's described in the agreement will work, that's just great with us and we won't ever have to proclaim this part. It's only if we run into the

problem that you ran into starting in 1989 where you could not get your issues to arbitration. You couldn't get it to arbitration because it requires a 75 per cent vote of the board of directors to get a dispute to arbitration, and CCRL has 50 per cent of the board of directors and they simply blocked a reference of dispute.

Now if we run into that situation again in the future, we're going to have to act. We're going to have to act because arbitration is the only method of dispute settlement for most of the issues that arise under this agreement. Now sure, that's not a big leap for any of us to take. All we're requiring, in effect all we're requiring by this Bill is that the arbitration process set out in the agreement will work. And the provisions in there that the member mentioned about CIC doing this and CIC doing that are simply there to ensure that the arbitration process, as the parties intended it, will work, will work.

So if the board of directors in a future dispute, Mr. Chair, were to refuse to submit a dispute to arbitration as they have done in the past, then it says CIC, on behalf of and in the name of NewGrade, can submit the dispute to arbitration, or it can commence an action where the terms of the operating agreement provide that the question will be decided by a court.

Those two provisions, in 3(1)(a) and 3(1)(b), are drawn precisely in accordance with the terms of the operating agreement and then the rest of the provisions in section 3 merely give you a workable process if the arbitration has to be forced under this Act; a workable process where there will be someone arguing one side of the issue and someone arguing the other side of the issue. And the way that it'll settle out is CIC will argue one side, CCRL will argue the second side, and away we go.

By the way, just for the member's reference, it is on page 11 of Justice Estey's report that he talks about the project:

... in a financial sense (having) run aground. Operating at capacity, it cannot sustain the existing debt load.

And so on and so forth. I refer him to that in connection with the argument that I made earlier. Now Justice Estey recommended, of course, that the arbitration process be followed by the parties and, as I repeat again for the third time tonight, if Federated will do that, if that can stay on track, then there will be no need to proclaim part II of the Act.

Mr. Martens: — First of all, under section 5, you have the authority ... well under section 4 you have the authority given to the cabinet or the cabinet takes the authority, transfers it over to the minister, the minister then refers it to CIC, and CIC then operates on behalf of the government under the direction of the court.

Under section 6(2), you've already begun to put the items for arbitration within the framework of the Bill so that you can hold that hammer over their head too.

And you say that if they failed ... if CCRL failed to pay, together with the interest calculated at a rate, it is conclusively deemed to be debt due from CCRL to NewGrade.

In my view, what you're doing is indirectly doing what you don't have the courage to do directly, and that's to tax the upgrader for those dollars. And you're going to take it by arbitration and deem it to be correct and take it anyway. And then you don't have to tell them that you're going to take it from a tax. And indirectly this is the latest in a new-style taxing method.

And that's what you're going to do, Mr. Minister. You're going to deem the debt due from CCRL to NewGrade and then that payment goes to CIC. And that, Mr. Minister, is how this reads.

Now deeming, in my discussion with legal counsel in the GRIP debate, deeming is a legal — and the three-letter word starting with L that I can't use — deeming is a legal whatever. It's the L-word; that's what deeming is. You're making a law that you didn't want to have in place to start with to tax the refinery. You're taking a law and indirectly doing what you didn't have the courage to do directly.

That's what you're doing, Mr. Minister, because you want to tax them but you don't want to call it a tax and that's the nuts and bolts. This is a new-style NDP tax law, that's what it is. If you don't play it my way, this is what you get. And the arbitrator will be ... the decision for arbitration will be made by the LG in C (Lieutenant Governor in Council). And then who makes the rules? The rules will be made by the Lieutenant Governor in Council.

Mr. Minister, there are a lot of negotiations that take place internationally and we have those that take place between Canada and United States, and there is an arbitration method set up that deals ... sometimes we win, sometimes we lose. And that, Mr. Minister, I say to you: you haven't the courage to put this tax where you're putting it except by this method, except by this method.

And you're going to deem it to be okay, that's what you're doing. And then you're going to make NewGrade ... FCL responsible to NewGrade and the debt and infusion of capital. If there isn't enough money there, you're going to say, you got to cough up some more, we'll change the clauses in the agreement; you'll do it unilaterally. And then what have we got? We've got section 16 that says you can't take the minister to court for doing it. And that, Mr. Minister, is where it's at.

This is a new tax law that we've got in the province of Saskatchewan. A new system to bring tax in from a group of people who you haven't got the courage to go and say, I want 50 per cent of your dividend profit, because you know it would make everybody angry in the co-op movement; but you're going to change the rules to make them pay before they get a dividend and then that's how you're going to solve the problem.

Because this has to do with two things: changing the rules to get the money, and getting the money is simply called a tax. And you haven't got the courage to tax it directly and you're going to do it indirectly. And that's what this is about, Mr. Minister. And actually, the Minister of Finance should be bringing this thing forward and not the Minister of Justice because it's a new kind of tax.

It's a new kind of tax, and would you have the courage to tell this Assembly what that tax will be? What's the percentage that you're going to require from NewGrade, who are going to require it from FCL in payment? How much of that profit and dividends is going to be taken out of the FCL refinery? How much?

Federated has already said they're prepared to put some money in. They've already said that they're interested in discussing that. But what you have done is you want to make it an ongoing, an ongoing cost of doing business for Federated Co-op. And that, Mr. Minister, is where we have a lot of grasping to do both within the framework of the law and whether it's legitimate to tax FCL in this manner. And my question to you is: how much is the rate going to be that FCL gets taxed?

Hon. Mr. Mitchell: — Well that, if I may say so, Mr. Chair, was a novel interpretation of what Bill 90 is all about. That sort of boggles the mind because it is clearly not a tax and it is clearly not intended to be that. I wonder is it . . . Do I understand from the member's speech that he has just made that it is the position of the opposition that the taxpayers of Saskatchewan should be the sole bearer, be solely responsible for all losses suffered at NewGrade?

Because I will tell the member that there is nothing in the agreement that provides to that effect. There is nothing in the agreement that says that the government or in effect the taxpayers of Saskatchewan are responsible for the losses. And if I understood him correctly he must be proposing that we rewrite the agreement to insulate CCRL and Federated from any losses at NewGrade no matter what the circumstances, and I point out that that is not in the agreement and that would require a revision of the agreement.

Now it's true that the government has stepped in and provided cash where necessary in order to meet crises from time to time, cash shortfalls. And the government did that in the case of your government and in the case of our government because the alternative to it was default and default would mean a calling of the guarantees. And neither your government nor our government want that to happen. So in desperation, really, we put up the cash that we had to put up but there is nothing in the agreement that requires it.

And Justice Estey says, on page 14:

It was not in the contemplation of the parties that Saskatchewan would supply the cash deficiency indefinitely so as to keep the project in operation mainly for the advantage of others,

including FCL and its member Co-operatives.

He so said.

(2045)

Now if Saskatchewan is not to bear the sole burden or losses, then what should be done about it? Well what we propose in this Bill is that the responsibility for those kind of payments fall equally on CCRL and the government. Now we have tried to negotiate that question with Federated and we continue to wish to negotiate it with Federated. We'll meet them tonight to begin discussions on those and other issues. Any time, any place, has been our attitude; and that has been our attitude over the past several months without any progress. We stand before this House and report that there is no progress on that issue.

Now do we just keep allowing time to drift along while the facility is, you know, under threat? The facility is on shaky, shaky financial ground. Or do we try and bring the thing to a head? And that's what we try and do here.

It's not a question of a new method of tax. It's not a question of a new style of taxing, and it's certainly not a question of taking by arbitration. The arbitration provisions are separate from the financial provisions set out in section 5, 6, 7, and so on — separate entirely; separate issues.

For something to happen under the financial part, part III, the Lieutenant Governor in Council, or at least the minister, would have to determine "that NewGrade has experienced or may experience a cash flow deficiency that may adversely affect the financial viability of NewGrade." And the minister is responsible for that decision. It's a ministerial decision that carries the normal responsibility of a ministerial decision, and it has to be exercised in accordance with the Act.

If that happens — and that can be a pretty serious circumstance — it may involve, probably would involve, the viability of the project and the survival of the facility. So the minister and the government has to act quickly. And they act by invoking the powers under section 5, by passing the order in council, by requiring both parties to put up an equal cash payment. Now the rest of it follows from that because if they don't put up . . . if CCRL or Federated won't put up their half then what do you do? Well money's got to come from somewhere so the government will advance it and then collect from CCRL its half share. And that's what those provisions are all about.

It's not a question of a new taxing system or anything like that. It's a question of getting into NewGrade the cash that it needs in order to get over a cash flow deficiency that may adversely affect the financial viability of NewGrade. Those are the words in the Act and those are the circumstances in which that power can be invoked.

Now that, Mr. Chair, and Mr. Member, is not a new

form of tax. That is solving a problem with the agreement that you entered into — not you personally, but your government — which simply overlooked the question of who was going to be responsible if there was a shortfall. I'll talk about a golden view of the future. I suppose that could be characterized as a golden view in the sense of being a highly optimistic view of things to come. But it is a serious shortcoming in the agreement and it is one that Estey has identified as requiring repair.

We're prepared to talk about and to negotiate the circumstances of repairing that. I want to restate that for the . . . how many times now. We want to negotiate that and we're prepared to do so. But in the absence of those negotiations, in the absence of some negotiated agreement, we've got to do something. We just can't allow it to drift. And there is no argument to be made on the basis of that agreement that it is the government or the taxpayers who are responsible for the annual losses that occur. There is absolutely nothing in the agreement to suggest that that's the case.

Mr. Martens: — NewGrade's got the debt. There's only one refinery providing any kind of service in energy or using the energy that comes from that operation. There is only one agency that uses that. There aren't half a dozen. There is only one that uses it, and you will say to that CCRL, we need to have \$50 million this year or we need to have \$30 million annually for the next five years in order for us to reduce the debt. And what do you call that, Mr. Minister, if it isn't the tax. If you go to FCL, CCRL and say NewGrade is going to lose money if it doesn't reduce its debt load, if it doesn't reduce its debt load it's going to lose money . . . So you go to FCL and say I want \$30 million every year for the next five years. That's a tax, Mr. Minister.

That's like going to the CPR (Canadian Pacific Railway) and saying, we know that you've got the running rights across Canada, and you drive everyone of the rail cars through the province of Saskatchewan, and we're going to turn on you a capital tax, which is what we have done. And what you're going to do is take an operating expense from FCL and put it into NewGrade. That's a tax, Mr. Minister. I want to know how much that's going to be, and I think FCL want to know how much that's going to be because that is nub of the problem.

And reducing the debt is what NewGrade's got to do. Everyone of us recognize that. But we want to know too how much that's going to be. Is it going to be \$15 million a year from FCL or CCRL for each of the next 10 years? Is that going to be included with the very fact that they have to buy the energy from NewGrade?

And that's what we're asking. That's what we want to know too, and that's what FCL has to have an understanding of as well. And that's what the people from across this province have to have: an understanding of what that's going to be.

Hon. Mr. Romanow: — Mr. Chair, and to the member, there is nothing in Bill 90 that addresses the

question of the reduction of the debt, of the long-term debt. Now Estey had a great deal to say about the reduction of the debt and made a proposal that would involve cash infusions from the Government of Saskatchewan, from the Government of Canada, and then went on to treat Federated in a very special way.

In above all in that area, Mr. Justice Estey was protective of the financial viability of the cooperative system because, while they had to put up some cash under his proposal, they got title to certain equipment at book value, as I recall. And in the end, they wind up owning the whole thing anyway under Justice Estey's proposal. So it doesn't require them to ante up any unsecured cash or at least any cash that's going to drift away on them. They're going to get it all back. There is nothing in this Bill that deals with debt reduction. So far as the financial aspects of this Bill is concerned, it only deals with the cash shortfalls, with the cash flow deficiencies and is not concerned with debt reduction, so that the hypothetical situation that you put forward won't happen. That's not how the Act can be used, to reduce the debt.

That remains an outstanding issue that requires negotiation in due course. Obviously it is to the advantage of Federated to negotiate something there because if Justice Estey's recommendations are to be followed, it will result in both Canada and Saskatchewan infusing large amounts of capital into the project, and that must be to Federated's advantage. But that question is not addressed in this Bill.

Mr. Muirhead: — Thank you, Mr. Chairman. Mr. Minister, we're discussing another one of your Bills, Bill 90, that it's another one of your Bills that going to destroy rural Saskatchewan.

You seem to think that your government can just up and change contracts just to suit yourself. If it doesn't work out for you and . . . and didn't think it's right, just like you did a year ago we were here discussing Bill . . . or the GRIP Bill. You didn't worry about breaking a contract. You don't seem to understand, Mr. Minister, that was a contract, is a contract, and you shouldn't be breaking it.

Now you said to the member from Morse here tonight very clearly that whatever the Estey report . . . You want it very clear that you're sticking right to the Estey report, doing exactly what he says. And you're making it very crystal clear that there's no way you're going to hurt this co-op movement. And instead of giving a long speech like you did to the minister, can you just give me a very . . . you get up and that's where most of our time goes; you get up and make long political speeches. Because really we're far better off with the members on this side never even fought against these Bills, because politically it would be far better off if the province . . . just wait to see what they have to say about it come next election. They're not going to forget.

You've gone so far this time on all these different retroactive things you've done, all the promises

you've broke, that the people out there are going to speak. But I can't do it that way. I can't just sit here. For the sake of the people of the province of Saskatchewan, we have to try our very best that they're being heard.

I keep hearing from your ministers. And the Premier this afternoon said it to the Leader of the Liberal Party. You said it to our leader. Oh you people over there, what's your thoughts on this. It isn't our thoughts; it's the people's thoughts we're bringing to you. Go out. If you want to know what's going on, get off the plane, Mr. Minister, going to Saskatoon when you go home, and drive a car. Stop at the old towns you used to stop at, at Chamberlain, Davidson, and ask the people what they think; just ask them what they really think.

And you're going to get up in your sanctimonial way here and say exactly what you think, and just so smooth. But I tell you, you're dead wrong. You said the member from Morse, he's wrong and he knows he's wrong. And I didn't like that statement coming from you because he's an honourable member and if he thought, Mr. Minister, that he was wrong, he wouldn't have said it. He's saying what he believes in his heart and so am I. I believe the people of Saskatchewan. I believe out there that what they're saying to me, that it's wrong what you're doing.

Can you just sum up in a few words that you really mean it, that you're sticking right to the Estey report and you're going to . . . you really mean crystal clear that you're not going to hurt the co-op movement? Then I'll have some individual questions on that statement.

Hon. Mr. Mitchell: — Mr. Chair, and to the member, I appreciate the question. I want to say that I don't want to sound smooth or anything here. I just want to directly answer the member's questions.

This Bill does not, with respect, break any contracts. It tries to make workable the arbitration process which is already in the contract and which hasn't been working for the past four years. And secondly, it tries to deal with this question of cash shortfalls — losses, in effect — which is just a blank spot in the agreement. It just is . . . it's there and there's nothing in the agreement says the government's responsible but nothing in the agreement that says Federated is responsible, and yet somebody's responsible because there are losses occurring and there has to be a mechanism for covering them. So we don't think that that provision breaks any agreement at all.

In the final analysis, if the project comes right to the brink and is in danger of collapse, there is a provision in the Bill to allow us to rescue it and to vary the agreement in whatever way is necessary in order that that whole project doesn't collapse because we could not bear that loss. The province just could not bear that loss. So if worse came to worse, we would have to act. But there is nothing in the Bill itself that breaks the contract. And I want to say that directly to the member. It is my best opinion and all of my advice to the effect that that is the case. The contract is not

broken.

When I spoke to the remarks of the member from Morse, I was not implying any insincerity on his part. I just felt that with respect to the particular point, he was making a political point rather than a substantial point. And I believe on the question of substance that he would agree with me, and that's what I was trying to suggest to him.

(2100)

So far as this Bill destroying rural Saskatchewan is concerned, that brings me to the member's question. Justice Estey was, throughout his report, very protective of the financial viability of the co-op system in Saskatchewan. And that system, of course, the member knows: Federated with all of its subgroups, the refinery, the petroleum division, the retail division, and so on and so forth. He's very, very protective of that, and that strikes a deep chord with this government.

The member will know the relationship between many government members and the co-op movement. I myself and one of my colleagues from Regina North were raised on co-op farms. Our parents started co-op stores and credit unions and Wheat Pool. They didn't start it, but they were involved in the Wheat Pool throughout all their life. And our lives have been a cooperative way of life, and we certainly are not out to destroy any of that.

So in answer to your question, yes, we respect the Estey recommendations, and we are prepared to negotiate with Federated based upon those recommendations. We think it's a good report, a workable . . . a good, workable report from a very capable, very intelligent man who spent a lot of time and effort trying to resolve these issues and made remarkable progress. So we're quite content.

Mr. Muirhead: — Mr. Minister, I think that's quite a statement you're saying. You're contradicting some very clever people out there, Mr. Minister, when you're saying you're not breaking a contract. Maybe you being a lawyer and your people around you being Justice lawyers, maybe they can read something into the Bill that I can't. But I have to go by very clever people out there that are saying that you are breaking this contract.

Can you say to Harold Empey, if he was sitting here tonight in my place, and Mr. Leland . . . That they say you are breaking the contract, their lawyers say you are breaking the contract, the co-op people out there say you're breaking the contract. How do you stand in this House and say you're not because they believe it's being broken? I mean you just like to stand here and say no, we're not breaking a contract. But you are, Mr. Minister.

You can tell me all the little fancy words in your Bill that you can put this into it and you can read that to it, because we're going to get into that tomorrow in 38 and you're going to do the same thing. You're going to

say, yeah, this is what it means and this is what it means. And I don't know whether . . . And I believe you're the type of man that's sincere and you believe these things. But why is everybody else wrong? Why is this government always right and the people are always wrong?

I mean there is some very clever people in the co-op movement out there. And then you talk about that your family started in co-ops and started on a co-op farm. Well, my goodness, do you think that these people haven't? Harold Empey has given his entire life working for co-ops. I remember when he was the manager of the Craik Co-op at Craik, and his whole life was into co-ops. And Mr. Leland, a fine gentleman. And they've consulted lawyers, and some of the best, and I've talked to some personal lawyers that I know and they have looked at your Bill and they said it's a broken contract. So who is right? I'm not a lawyer; you are. You tell me it's not broken, but they say it is.

I don't know how you can say that Estey says that we have to protect the co-op movement. He says that in his report. And you say that's the most important thing to us, we have to make sure that we do what Estey says and protect the co-op movement. How can you stand there and say that the government's protecting it? You can say we believe what he says but your actions in this Bill is not doing that. How can you say that?

Mr. Minister, there is so many things that you've done here. I don't know why you have to break the contract. You should have lots of money coming in. You broke almost every contract since you've been in government. Where's all your money you're saving? Goodness, you've closed rural hospitals. How many multimillions are you saving there? We've heard all the way from 5 million to \$100 million. We don't even know.

You're closing down rural schools. I'm losing three schools in my area. That's government saving. In the 1991 GRIP you cut it off. The farmers are going broke. Looks like you're trying to turn out the lights in rural Saskatchewan.

You're laying off hundreds of nurses. You're breaking every promise to them. You told them at election time you're going to do this and you're going to do that, you're going to improve health care. But still where's all the money you're saving? Why do you have to save all the money from all these cut-backs and then turn around and break a contract with the upgrader contract? Why do you have to do that?

You're closing down rural service centres in Saskatchewan. You're closing down the crop insurance centres in Saskatchewan. The service . . . I know many, many adjusters that I'm talking to, they're cutting back. They're not even bothering to measure the bins out there right now. That's happening right now — cut-backs, cut-backs. Where's all the money that you should be saving to be able to protect your contract that was put together with the prior government? Be it a good contract or a bad contract,

that has nothing to do with it.

The people that put it together would be probably the same officials as sitting beside you today. Some of them would be the same ones. They thought they were doing best. But oh no, Mr. Minister, oh no, Mr. Minister, you . . . It has to be the direction from the minister, not from your officials. You just tell them what to do. Put a Bill together that's going to rip off the co-ops in Saskatchewan, not intentionally, but that's what you're going to do. You're going to do that.

And even another one that you're talking about closing down now — we'll see that in a few days — you're going to be closing down the SaskPower service centres in rural Saskatchewan. Where's all the money you're saving from all this? You cut back and cut back. You broke every promise on essential services. You've increased taxes. Why aren't you saving enough money there to honour the contract?

Did you, Mr. Minister . . . I guess I done the same thing as you did, and that's going to make a little longer debate because I asked you a direct question and you got up and made a speech and just says, now I'll get to the member's question. Well now I'm going to hope you forget the first part and not respond and just add to this question. How much have you really done to contact CCRL and sit down and talk to them? Did you just phone them and they wouldn't come? Or did you go right to their office and say, let's sit down and talk? How much did you push?

When I'm in a debt problem and farmers are in a debt problem and rural businesses are in a debt problem, they go some place and push to get settlements. And the lenders do that. They come to them and they get at it. There's boards to go to; there's everything else. But did you people just make a few calls? Or can you tell me exactly what you've done to encourage a settlement here? What did you actually do?

Hon. Mr. Mitchell: — We have been attempting to get discussions started with Federated for a very long time, over a year. We have made these approaches, Mr. Member, at every level, at the official's level, at ministerial levels, at the level of the Premier. We have done it by telephone. We've done it personally. We've done it by letter and by fax. We have even made the offer publicly, publicly, publicly committing myself to meeting any time, any place, anywhere, whenever Federated would like to do. And the member asks how much contact, I would say a great deal of contact.

I just want to deal very briefly with the question of breaking a contract. If the member looks closely at the Bill, it's a very simple Bill. First of all it deals with arbitration and it enforces it. It reinforces the procedure that is already laid out in the contract. I mean Federated agreed that disputes would be arbitrated and then since 1989 has not allowed that process to work. And what this legislation is doing is trying to ensure that that very process will be worked. So that's not breaking a contract. The break in the contract comes from refusing to let the process work.

Secondly, we've already dealt with the question of the cash shortfalls. Nowhere in the agreement does it say that we have to pick them up, nor in the agreement is it the sole responsibility of the provincial government. And I've already asked the member from Morse whether it's the position of the opposition that the province should continue to pick up those shortfalls indefinitely or whether there should be some dividing of those losses between the two partners.

That's really the question. We think there should be a dividing. Justice Estey thinks there should be a dividing. We want to negotiate that with the co-ops and we've been trying to; we can't. That's not breaking the contract, I mean, but I guess it depends on your definition. It's certainly touching on the contracts, no question about that, but it's not wiping out any provisions and substituting any other ones or anything like that. It's merely trying to make the relationship a workable relationship.

Mr. Muirhead: — Mr. Chairman, Mr. Minister, you can say you've been such great negotiators and such great boys that you've been dealing with them for over a year. Well how long did you deal with SGEU? You dealt with them for over a year but you finally made an agreement. But what did they have to do? They had to come walking into your office. We seen it on television. They line up the unions and they walk in there until you meet with them. Did you take your crew and walk into the co-ops and sit there until they seen you and discussed it? No, sir, you didn't try; it's a smokescreen and you know that. But you didn't mind getting their settlements with the unions; that was a smokescreen too; you probably settled it behind closed doors. Why couldn't you go behind closed doors here? No, it's because . . . I don't really understand why.

This is bigger than me, Mr. Minister, because you're the last government I ever thought . . . an NDP government that would turn on co-ops in this province. Anybody else, get your money from anybody else, sock it out of the free enterprise movements . . . give somebody else. But why did you get into your own people, who you've always claimed to be your own people? You always rode on the backs of pools, co-ops, credit unions.

I guess you found out really through the latter years that they're not your people as much as you thought they were. I can remember arguing with Hon. Mr. MacMurchy in here one time when he was blowing about our co-ops, and our pools, and I took my pocketbook out, like I could tonight, and brought out the membership to the Craik Co-op, the Davidson Co-op, the Sherwood Co-op, CCIL (Canadian Co-operative Implements Ltd.) and I belonged to them all. But you guys always wanted to ride on the back. I guess you must have found out that, hey, maybe we don't get all this support out of these guys, so we might as well sock it to them.

Because that's what you're doing; and if you think you're not, you should get a hold of the Craik paper

this week and look at what one of the board members from the Craik Co-op wrote in a whole article on the front page of the paper and it's hit about 11, 12 towns in Thunder Creek and Arm River, and I'll tell you it's caused a lot of talk, saying what this government has done. It's written by Phil Sanden from Craik, and I was proud of him. And he put it in that paper that this government doesn't honour contracts. They're the first government in the history of this province that are breaking signed contracts. I've never known it to happen before; I've never known it to happen before.

I want to ask you just a few short, direct questions about the report itself. Mr. Minister, did Estey in his report, any place in that report, recommend legislation? Just a yes or no on it; don't need no speech, just a yes or no. Did he recommend legislation to solve this problem?

Hon. Mr. Mitchell: — No.

Mr. Muirhead: — Did Estey recommend any place in that report? You see, there's some facts coming out right now with that no answer, because we've heard question period here for weeks on this and oh, got to do everything Estey says. You used to tell our people over here, wake up. You used to say, wake up and read the Estey report and let's do what he says. Now I ask you a question tonight, did he recommend legislation? You had to get up . . . you had to, you're under oath in here, you had to say no. He didn't recommend it.

So you're not paying any attention to the Estey report. You're paying attention to your own . . . I don't know what it is. I can't put a handle on it. I can't figure you out. You finally got . . . Members in this House and viewers on television, he finally said it.

The minister got up without any speech and he answered my question when I said, did Mr. Estey put it in his report that he recommended legislation. He got up and he said, no. That's the first direct answer I've heard since Bill 90 came into this House, the first time. So there we are. We've got somebody that says . . . I call people like this hypocrites. Anybody that comes out and says for days and days in this here legislature . . .

The Chair: — I want to just caution the member in the use of his language and ask him to use language that's appropriate for the House.

Mr. Muirhead: — Mr. Minister, you can sit there and you can smile. I wish the cameras were on you instead of me right now so the viewers out there could see you smiling, smiling from your seat that you had to admit that Estey said no legislation. He didn't recommend it. Now why did you here for days after days after days . . . And the Premier would just about have a fit when our leader, the member from Thunder Creek, would be saying something in contrary to what he was thinking. He said, read the Estey report; and we're going to do what he says.

All right. We got that one out of you now. Did the

Estey report recommend CCRL pay 50 per cent of the losses? Did he recommend that 50 per cent figure in that report?

(2115)

Hon. Mr. Mitchell: — I shy away from such short answers. I got worked over so good after that one that I feel the need to make a speech.

The answer is that yes, Estey recommended a 50/50 split. You'll find it on page 32 of his report. He also made it very clear in his report the responsibility of the government to act in certain circumstances. He went on at some length about the responsibility of the executive and the government to protect the fiscal position of the province. And it is plain in his report that if we were unable to . . . you know, if we were unable to work it out — if I can use that term — by discussions or negotiations, that clearly we'd have to do something. I quote from page 34 of his report, where he says the following:

Should this enterprise now be deemed to be improvident, however it might have been at its inception, the responsibility of government requires remedial or protective action, or at least active damage control. This is their solemn task and the Premier and the provincial executive have clearly recognized it.

And he makes other similar references. So he doesn't say we shouldn't legislate. He wants us to negotiate, and we have tried mightily to do that. I repeat that to the member. And we are prepared to do it tomorrow but you can't negotiate with yourself. You've got to have somebody on the other side of the table prepared to discuss the issues, and we can't make that happen, so what are we to do? Are we to just drift on and allow this situation to continue or are we to act? And I think we have to act.

Mr. Muirhead: — Mr. Minister, I'm just a little disappointed in your answer, when I asked you a direct question. Did Mr. Estey say in his report that the Consumers' Co-operative Refinery pay 50 per cent of the losses? And you get up and said yes, and then you said on page 34 of the report, and you read it, and the figures 50 per cent did not come out. We know that he's recommending a change in there and negotiations.

But you don't know whether he meant 50/50, or 80/20, or what he meant. He did not say 50/50, and if you can read it in there, I'd like to know if you can find the words 50 per cent. Because that's what you're doing and I want to know if the Estey report has got something written in between the lines that I can't read. You couldn't find it. If you could have found 50 per cent, you would have read 50 per cent.

Now the first question I asked you, is that I got out of you on the Estey report and recommending legislation, you got up and you said no, and then you got up and you said yes on the 50 per cent, then you went to read it to me and you never mentioned 50 per

cent. Now we have to straighten that one out, Mr. Minister. Either find it or not.

Hon. Mr. Mitchell: — I was quoting from page 34 in connection with his general remarks respecting the responsibility of government. But on section 32 he says:

. . . when a cash flow deficiency arises in (NewGrade) prior to the retirement of the guaranteed debt, (there will be) no realistic alternative but to contribute such deficiency in equal shares as between Saskatchewan and FCL by interest-bearing loans which would be repaid to the parties out of cash flow immediately upon the ultimate retirement of the guaranteed debt.

So there is one situation in which he contemplates it, and that's the answer to the member's question.

Mr. Muirhead: — Well that's perhaps, Mr. Minister, getting close to it but you can read a lot into what he's recommending there. Mr. Minister, just a couple more questions. I believe that you're putting . . . this Bill can put the co-op movement in jeopardy. We hope it doesn't but for the sake of an awful lot of people in this province of Saskatchewan . . . but the little, local co-ops that get dividends from the co-op refinery and it helps them every year to pay cash dividends out to farmers and to members . . . I shouldn't say farmers, members. That's all the people in the province of Saskatchewan. I guess the big numbers would probably come from co-op members in the city of Saskatoon and Regina.

But do you not believe that Bill 90 will put the co-ops in some jeopardy, the co-op movement? Do you not believe that they will put it . . . You said before you want to protect the co-ops. Do you not believe that Bill 90 can put the cooperative movement in some jeopardy?

Hon. Mr. Mitchell: — I think it does not. I've gone over it a couple of times with the members, the parts of the Bill, what the Bill addresses, and I do not believe that to be the case. Clearly Justice Estey did not either, and he went on to recommend more than is in this Bill. As I said, he went on to recommend a comprehensive debt retirement program which would involve large infusions of cash by the federal and provincial governments, and an infusion by Federated which would have been an interruption of its cash flow.

He was protective of their financial position in making that contribution. They were secured every which way with respect to getting the money back out, but none the less, that would have been a cash injection and that would have interfered with the cash flow of their petroleum division. But I think that this Bill does not create any big dangers for the co-op movement.

The bigger danger is that the facility doesn't work and that it collapses, and then heaven knows where their refinery is. They would have to reconvert it to accept Alberta's sweet crude and there's a dwindling supply

of that available to them. And in the long run, it would really jeopardize the future of their refinery if this facility went down.

Mr. Muirhead: — Thank you, Mr. Minister. Mr. Minister, you see, you don't understand the dangers of breaking contracts. You said you have to break this contract and you must do something to help in case this \$600 million becomes a liability on the taxpayer in Saskatchewan.

You don't seem to be worried about the 35 or 40,000 farmers out there that have contracts with Agricultural Credit Corporation and things have gone wrong and they can't make their contracts. Are you going to let them break up their contracts? It's the same thing, you know; it's the same taxpayer. Maybe if you let them break up their contract and say, well I can't handle it because the situation's changed. How would you like to have it if all the people that have a contract with the government says, I want my contract redone, I want to do it. It's the same thing.

What do you think a farmer out there . . . is sitting out there tonight that maybe owe a half a million dollars? Some of the irrigated farmers in my area owe up over a million dollars to Agricultural Credit Corporation. And they're saying right about Bill 90, I wish they'd let me redo my contract; I can't handle it. Things have gone wrong; I cannot handle it. You should have let the taxpayers break their contract if you're going to break the taxpayers' contracts.

Now I only got two short questions to ask you and then I'm through. I want to ask you this question: will you guarantee . . . will you, Mr. Minister, guarantee Bill 90 will not affect the co-op movement — guarantee? And what will you do about it if it does? You're making a move now with this Bill, Mr. Minister — and I sincerely say this — you're making a move that you think is right and correct to save the government funds and save the tax. But what if it reverses on you, Mr. Minister, and the co-op movement gets into jeopardy? Will you do something to save them?

Hon. Mr. Mitchell: — Well I assume that that question is being asked on behalf of Federated. And all I can say in answer is that we want to negotiate all of the issues that are outstanding here. Now if Federated want to bring their request for a guarantee to that table, it'll have to be dealt with at that table. I don't know what shape it could take or how you could calculate it or what it is. You're certainly not asking me to trump all those negotiations or anything like that or give an unlimited guarantee for something I don't understand. But our negotiators would be prepared to deal with all of the issues surrounding cash flows and the issues raised in this Bill and the other issues raised in the Estey report.

I'd be surprised if Federated asked for any guarantees. There's no guarantees in this world, but we want them to have a deal that will allow this upgrader to function, that will allow it to continue to process Saskatchewan heavy crude. And the way it's set up right now, it's not going to do that. It can't work. That bird can't fly, as I

said the other day. And it needs repair and we're trying to do that. So the question that the member raises is something that Federated should bring to the bargaining table, and we'll see the size and shape of it there.

Mr. Muirhead: — My last comment, Mr. Minister. You see, I guess my question to you before there was what . . . and you didn't really answer it the way I was hoping you would, that my question was that how will you guarantee after the fact, after this Bill's in place and you find out that you're wrong, that the co-op movement is in jeopardy and there is a problem out there with all of the co-ops in Saskatchewan . . . will you come to their defence and protect them as you are in this instance?

But my last question to you, Mr. Minister, is really this: maybe you need a good negotiator on your team, either with Co-operators or with yourself. And I know one of the best negotiators in this province of Saskatchewan, and that's me. I've been told that I have negotiated more debt settlements than any Farm Debt Review Board, Farm Land Security Board, behind the scenes than anybody else in the province. So maybe you need me sitting down at your meetings. Would you consider to let me come to your meetings and help you settle this problem because I'm sure I can.

Hon. Mr. Mitchell: — Mr. Chair, perhaps the member and I could discuss that privately. We hadn't anticipated that offer, so I can't speak on behalf of the government in response.

Mr. Swenson: — Thank you, Mr. Chairman. Mr. Chairman, it's been a fairly wide-ranging discussion tonight, and I appreciate the minister's demeanour today rather more than I appreciated it the other day in this discussion. He's not nearly as defensive about what the opposition has had to say.

I would say to the minister that we were very sincere last Friday when we made the offer to the Premier to take the arbitration section of this Bill and put it through the House, knowing full well that the opposition then would be . . . there'd be a certain amount of complicity there because I believe even implementing the arbitration sections in effect would break the existing agreement. But the offer we made to the Premier was that let's use the force of this House, if you will, to deal with those outstanding issues, make sure that that arbitration process goes forward.

And if there is a large sum of money there which the government believes . . . the Premier talked about \$100 million. FCL is of the opinion it is much less, but that we work through that process and get that cleared away before we start dealing with this bigger issue of whether it's 50 per cent or something else that deals with the debt burden of the upgrader.

(2130)

And I think one of the problems that we've had in this debate, Mr. Minister, is that there isn't enough credit

given for sound ideas in this whole debate. And I know full well that there have been issues and ideas identified by FCL that maybe early on when these discussions were subjugated a little bit because there was a certain degree of politics involved in this whole discussion . . . I think your government has realized that that is fraught with danger down the road now, that a political agenda will get you nothing but grief for a long time to come. And I appreciate that there has been a fundamental shift.

Mr. Minister, I believe as firmly today as I did last Friday that we would be doing a good deed for the taxpayer if we settled those outstanding issues, that we got that off the plate, and it was done in a public way so that no one could accuse your government of manipulating the process for your own political ends. And I believe honestly, Mr. Minister, that the other issue that's outstanding, which is the fact that the province of Saskatchewan does receive some return on this thing even though you vehemently deny it . . .

But I can tell you from being an Energy minister in this province for two years and signing every last gas removal permit — not because I had to, but because I wanted to understand where the natural gas in this province went, and the same goes for oil — that if you and I could shut that refinery down for a year, that you would see a change in the price of heavy crude, that you would see wells shut in, that you would see things occur in the oil patch today which you wouldn't find very savoury.

And a lot of the things that your Minister of Energy is working on right now with oil companies, vis-a-vis royalty review, incentives on horizontal drilling, a lot of those things, quite frankly, Mr. Minister, would come to a screeching halt if that refinery were shut down tomorrow and it was not using Saskatchewan heavy crude. And I think I would be backed up in that throughout the energy sector.

Now I find that a little bit dishonest that you and your Premier and others maintain up and above and beyond that there is no benefit to the taxpayer of the province because of 53,000 barrels of heavy gravity crude being used each and every day. And I think one of the things that we need to do in solving this problem is be honest and upfront about that 53,000 barrels a day and other developments that will occur down the road to ensure that that production continues and improves, that in fact you have more horizontal drilling, that you have less of the old style, that some of the other things that have been able to bring the cost of production down and therefore benefit the province of Saskatchewan, keep occurring. But we seem to have this vehement denial that any of that is occurring.

And I think one of the reasons that you want to deny that is because you think that it hurts your bargaining position. One of the problems with this, Mr. Minister, is that there are been perceived to be too many hidden agendas going on. And that's why I made the very sincere offer, and that didn't come from FCL. I don't suspect I was terribly popular with them last Friday

when I said that the official opposition would side with you in a piece of legislation that would put that to mandatory arbitration. I don't think they were particularly happy.

But this House has put arbitration in place in many disputes, many, many disputes through the history of this province, and it is accepted by the people of this province as sometimes being necessary in order to finish a dispute off. And I think at the end of the day, once that was done, we would see if you were right, if your officials at CIC that say that there is a large windfall for your government there or if FCL is right. Those issues should be solvable by somebody knowledgeable in the business, who is a respected third party, who you can't influence and they can't influence and they come to some kind of a conclusion.

Because I honestly believe, Mr. Minister, once that process was done, once the spectre of some kind of political agenda and gamesmanship going on was removed, that the bigger process, the bigger process of solving how we pay the principal down on the upgrader could be dealt with. And I guess I would challenge you, Mr. Minister, to get it on the record of why you reject that process because I asked the Premier to prove to me where that particular project was going to go down in a matter of days or weeks. And he said something about releasing information today that would prove that.

I asked for information about the banking consortium that carries the notes where they say they are ready to pull their notes. And no one wants to do that. And I guess if it embarrasses the former government by you doing that, perhaps I as a member of that former government needs to be embarrassed then. But I honestly believe this process, if it was approached in a step-by-step scenario, is solvable, that at the end of the day we'll get an agreement that will make that a long-term viability.

And I really don't appreciate, Mr. Minister, this sort of off-hand rejection of what are some very valuable points. And I would not have raised them in here if I didn't think they were valid. I took a great deal of interest in the energy business in this province, and its well-being. I can tell you that the oath I took in regards to being the Energy minister was one that meant a great deal to me. And I don't want to see this project not work because there is some other agenda at work here. And I just ask you to comment on that, Mr. Minister.

Hon. Mr. Mitchell: — Well I want to say, Mr. Chair, to the member that there is no other agenda at work — none. Now that's not the first time I've said it, and it's not the first time the Premier and others have said it. That is the fact.

Now people like, you know, the members of your caucus keep insisting that there is another agenda. And all I can say in answer to it is, there is not. We have a partner who is not prepared to negotiate what we see clearly to be the issues here. And that is a great

frustration for us, as I think it was for you from time to time when it was your responsibility to deal with them.

It's not a matter of rejecting the position that the Leader of the Opposition took last Friday. I thought that was a very constructive suggestion. The problem is that we are not prepared to just park the rest of the Bill and let those things go through. These are arbitrations that could take just a great deal of time. They're complex; they'll be heard one after another in probably some kind of order that will be agreed upon.

The financial situation at the upgrader is precarious. It is precarious. I think the member knows that. I'm not able to produce documents that show its precarious, or any threatening letters from any bank consortium or anything like that. But it's a very delicate and precarious matter. It can fall into a real crisis in practically no time at all.

I believe, without meaning to flatter the Leader of the Opposition, that he probably knows more about the process that goes on at the upgrader as heavy oil is converted into feed stock for the refinery, than anybody outside of that process itself. And I commend him for that knowledge, and he's made an important contribution to this debate as a result.

But we simply have to be in a position to make something happen here. We can't just carry on writing or phoning or meeting periodically to try and arrange negotiations. We have to get something going and begin to put that facility onto a solid footing. And certainly the arbitration process is part of that but so is the question of the shortfalls, and we simply have to be in a position to deal with a crisis should a crisis occur. I think no government could do otherwise.

Mr. Swenson: — On another matter, Mr. Minister, I'm told . . . and you have very eminent legal counsel there with you tonight, someone who I am somewhat familiar with on some other issues. We'll see if he's as good in the oil business as he is in uranium.

The references to the Government of Canada here throughout the Bill, I have asked some questions of individuals and they tell me that vis-a-vis the recent ruling on the Farm Credit Corporation, that they are simply not accountable on assets and that type of thing to you guys as much as you might wish; that the FCC (Farm Credit Corporation) ruling, even though it's under appeal, does set the federal government apart in relationship to whatever role they may have in this particular agreement. Have you any feeling for that? Or are you quite confident that your Bill totally binds the Government of Canada in any way that you would like to see them bound?

Hon. Mr. Mitchell: — It's a very good question raised by the Leader of the Opposition, Mr. Chair. The matter was much debated by our counsel — internal and external — during the preparation of the legislation. And the conclusion was arrived at that section 14 should be included in the Act. The member is quite correct that this is a shaky area of the law and certainly

the Farm Credit decision . . . If the Farm Credit situation case is relevant . . .

But the reality is that the federal government is a party to the agreements in question, and in that light it is necessary that the Bill be binding upon them, at least that this Assembly so declare. We can hardly legislate in respect of an agreement between ourselves and CCRL and the federal government without including the federal government in the Bill. Whether it has any legal implications for them may have to be sorted out at some other time down the line.

Parts II and III of the Act would seem to be between the provincial government and the CCRL, not involving the federal government. But in any event they are parties to the contract, and so we extended the Act to cover them.

Mr. Swenson: — So if I can get this straight, Mr. Minister, you're saying that you just are not certain that this binds the Government of Canada, and you'll just sort of give it your best shot down the road if something flies apart. Is that the way I take it?

(2145)

Hon. Mr. Mitchell: — The legal opinions were stronger than that. We think it does apply to them. We think they will be bound it. But I did recognize that you did raise a good point. There's a shaky side to this question of whether the federal government is bound by it.

Mr. Swenson: — One of the things that I am led to believe, Mr. Minister, is that there is a certain reluctance on the part of the federal government — and they can speak for themselves as always — but a certain reluctance to be a part of the solution, if you will, to this particular dilemma as long as the two provincial parties can't, sort of, sort things out.

And one of the reasons that I suggested to the Premier, on Friday, that perhaps doing the arbitration process separate from the rest of the negotiation would set in place some parameters that would make the federal government feel somewhat more comfortable with the solution. And certainly the consortium of bankers that are involved in this particular agreement, I think, given that they are of national character, would feel somewhat better about a negotiated settlement that might arise because you've cleaned off the major, outstanding issues amongst yourselves dealing with the . . . and then they have the bigger picture to deal with.

And that if there was some way we could clean this arbitration mess up without using the heavy hand of this Bill in this legislature, that you may have a federal government that viewed this process in a more positive light. You might have a banking community that was more than willing to keep the lines of credit open. You've had indications in a public way from a spokesperson from the people in the banking business that they never expected this thing to turn a profit in this decade. I would take from those comments that

they aren't particularly jumpy.

And one of the concerns I have, Mr. Minister, with sort of ramming ahead by using the full impact of this legislation . . . which you may disagree with the members of my caucus, but I wouldn't hesitate to make the same comments in here. Any time I see that "deeming" word after the performance of your government last year and I see provisions that allow your bureaucrats in a government agency like CIC to handle the arbitration process, the appointment of board members process, all those things, I get somewhat spooky.

And I can't see it as being a very positive signal to my friends in the uranium business, my friends in the potash business, lots of people that deal with natural resources. And they do get jumpy. I mean just the prospect of government intervention in many areas makes them jumpy, Mr. Minister. And there are many people in this province that would confirm that.

So once again I say to you, and maybe you can explain to me how you plan on handling the federal presence. What is your . . . give me some indication of once you have used this legislation, you bring it in, you appoint the arbitration process, you force that through with this Bill, what expectation do you have that the federal government is then going to come in and do your bidding?

Obviously Justice Estey identified them as a very large component in any final solution on the bigger question of financing, the bigger question of getting the debt in line with that particular operation, handling not only the operating cost, the interest on the debt, but also principal payments to the province of Saskatchewan first. What is your expectation after you have used this Bill and the arbitration procedures? Where do you see the federal government fitting in?

Hon. Mr. Mitchell: — The federal government have made it clear to us that until the two owners have decided how much they're going to inject, how much equity they're going to inject into this project, they aren't prepared to inject anything for their part. So they're sitting on the sidelines waiting for us to work these things out. And the major issue is not covered by this Bill, of course. The major issue is the equity contributions that Estey talks about, and I think until that is done the federal government are not going to commit themselves to anything.

Mr. Swenson: — Well I think, Mr. Minister, you reinforce my point. An agreement arrived at by the two major equity holders, CCRL and the province of Saskatchewan, that is mandated by the heavy hand of this legislation, I would suggest to you is going to leave a bad taste in the mouth of one of the partners.

And I would also suggest to you that that bad taste will have some reflection, I would guess, on the bigger picture which the federal government has to play in, because not only do they represent 240,000 members in the province, they represent 750,000 in Alberta, Manitoba, and British Columbia. And any federal

government worth its salt and any cabinet ministers representing those other three provinces — which, whether it be Conservative or Liberal, will have people looking after the interests of that government in that province — I suggest to you will receive a tremendous volume of letters, mail, phone calls, and protestation if the heavy hand of this legislation has one of the partners in an owly mood. And that's why I don't like this process.

At the end of the day, I don't think you really get yourself in a position other than maybe clearing the decks in a financial way for the next provincial election. And Mr. Minister says that has nothing to do with it, but you take this down the road a little ways, and I can see that being about the only solution that you arrive at. Because 750,000 western Canadians angry as all get out with you isn't going to be conducive to their federal government doing anything particularly agreeable. And I don't know if you've got the wherewithal between yourselves and FCL to put that thing in a financial position all by your lonesomes.

And I find it strange that neither minister of Finance, the two individuals in your government that are supposed to understand these things, have had any part of this Bill, that the poor Justice minister gets thrown in the breach to shepherd this piece of stuff through the House when in reality the agenda is a CIC agenda and a Finance agenda as far as taking away the burden of guaranteed debt that your government constantly complains about. And you protest this too much sometimes, Mr. Minister — if you want people to believe otherwise — is the problem.

So I think you quite honestly should look at the solution put forward on Friday because I think that solution will cause you less grief down the road if you want federal dollars and you want the agreement of 750,000 co-op members in western Canada to ultimately solving this. If you don't want to solve it in an agreeable manner, well then you'll proceed on because there's a lot of other things at play here.

I know that arbitration in a narrowly defined sense on pre-agreed-to matters with the weight of this Legislative Assembly behind it is something that people in this province understand because they know that you cannot mess with the process in a political way by doing that. And I think it would put you . . . it might even open up other avenues that you haven't explored yet.

Once those parties go through binding arbitration, as you know from being a deputy minister of Labour in this province, there are solutions found in that arbitration process that are used for many years down the road to make sure that it doesn't happen again. And very seldom do you find the same two parties back into arbitration once they've been there. And I think the minister knows, from his background, through all parts of the industrial sector that that's the case. Arbitration is usually the finish of it for 15 to 20 years in most instances. I think even our friend, Mr. Kancs, with the Grain Handlers Union, will tell you

that that is not something that they relish.

And I don't for the life of me understand why you want this in its enormity on your head when you know full well that there's a process that may take you two or three steps more and it may take you two or three months or half a year more, but at the end of it you will more than likely have parties that are more agreeable to a final solution. Because without the final solution you still are nowhere.

And as the minister says, the final solution isn't here unless you're willing to use every last heavy hand that you have at your disposal. And that, Mr. Minister, I say to you will get very, very ugly. And you will not, at the end of the day, get what you want to achieve.

And I would have liked somewhere for the Premier, for yourself, for one of your Finance ministers, anybody, to stand up and clearly outline to me, as they should to every taxpayer in the province, the process as it's going to walk through over the next six months, a year, whatever, that tells me that we aren't going to have just one heck of an ugly situation on our hands. And no one has been able to do that.

Your only salvation, I suppose, would be to have Audrey McLaughlin as prime minister. And as the Premier says, you can't do anything with prayer. And that's about the only thing that she would have on her side.

So, Mr. Minister, it's a lot of ground to cover but I think it deserves a reply.

(2200)

Hon. Mr. Mitchell: — Well we have thought through these issues very carefully and have discussed them at great length in our cabinet, in our caucus, and with our advisers. And the course that we're on is not pleasant; it's very difficult, fraught with dangers.

There are some positive sides to it though. The arbitration process has been unblocked and hopefully it will work without the legislation. It is also a positive aspect that we all want the upgrader to work. We want it to work well and we want it to function to its maximum capacity. It is also a positive contribution that we, the government, are prepared to negotiate on the basis of the recommendations of Estey. And if we can get our house in order with our partner, Federated, then the federal government have said the right things. It is a positive element of this whole situation that they will be prepared to step in with a contribution to apply to the debt. These are positive things.

And all that we have to do to get at it is to start negotiating with each other in good faith on some of these issues, with these common objectives that we have that the upgrader will succeed. So it's not quite as black a picture as we tend to paint it in debate in this House. It would take very little to get the negotiating process actually started and going, and I think through that process we will learn to build upon little

agreements and get bigger and bigger agreements as we go along.

The arbitrations will proceed apace, as quickly as we can move them along, and they will make their contribution, as the member has said. We can't wait with this legislation for as long as it would take for that process to play itself out. It's too dangerous to do that.

So here's the way I see it unfolding and I'll just take a moment more of the committee's time to do that. The arbitrations will proceed as quickly as possible. The Bill, I hope, will pass by this House. And we will persist in our efforts to negotiate; we will not let up at all. And it just seems to me impossible that negotiations have not yet begun. What can be the problem? What can be the hold-up? Why aren't they taking place? I have no answer to that, and it's incredible that I don't, but I don't. But it seems to me that cooler heads will prevail, or wiser heads will prevail, or the situation will mature to the point where everyone will see that it is in their best interests to try and discuss these things to a conclusion, to negotiate a conclusion.

And we on our part will do everything we can to encourage that. Now I know that doesn't answer with any precision how the thing will play out but that's about the best that we can do. Things will happen. And those will require, of course, adjustments, and no doubt those will be reported on as time goes on. And they're difficult to anticipate, but in a general way that's how we see the world as unfolding in the next while.

Mr. Swenson: — Well that's good, Mr. Minister, but what . . . You see, the problem is that once this Bill is through this House, then all the cards are on your side. I mean we have no assurance that . . . You say this arbitration process is going to take place, and what if you lose? What if the calculations done by your friends over there at CIC are wrong, that there is no large windfall available? What if FCL's right? What if, you know, what if there's just pocket change available on this thing? Now are you going to take that laying down after a whole bunch of folks have staked some political capital, I would suggest, on this thing probably that it's gone on this long? And I'm just wondering what process, what process the public is going to have to know what's coming down here because you've got all of the cards. This Bill gives it to you. You've got them all.

And I think, Mr. Minister, there has to be some way for us in the opposition, for the average person out there, to understand this arbitration process, even if you don't use this legislation and how it comes down the pipe. And if you do lose, that you don't decide to take your toys . . . And well I've got a piece of legislation here, I'm not going to take this sitting down. What assurance do co-op members in particular have, Mr. Minister, that that isn't going to be the case?

Hon. Mr. Mitchell: — Well the simple answer is, if we lose we lose. And that's . . . the arbitration process works like that and we greatly respect it and the

member has been more eloquent about this than I could be. It is the dispute resolution mechanism in this agreement and we want it to work and we'll abide by the result.

How that may impact on the future depends upon the result and you can't . . . It's so difficult to speculate about what if this or what if that, but we just take it as it comes. I repeat, we want the project to work. That is the fundamental objective of everybody. And with that fundamental objective before us, surely we can iron out some of these disagreements and make it work.

Mr. Swenson: — Well, Mr. Minister, we're going to have to take your word on that. There's not a whole lot of option. I said to the Premier the other day, this legislature is always at the call of the government, and there are only 11 members in opposition here. At any point in time, if your arbitration didn't work, you could call this Assembly in and you wouldn't even have to send most of these guys a letter. Your cabinet alone could show up in here and in one day's time have whatever you wanted in the way of legislation through here and you know that. That is a simple fact of this House. You have that large a majority.

And that's why I've always wondered about the haste here to have the whole shebang in your hip pocket, because it does cause us some concern to be part of this process, even standing in our places and voting no, to know that you have this. And I guess if someone could give me a good reason why — and I haven't heard it yet — of why this thing has to go tonight or tomorrow or this week even, in order to achieve the end results, I guess I would be far more agreeable. And your heavy hand of your majority is going to pass this Bill, there's no question about it.

I guess if we wanted to go to the extreme and use closure, we could have that forced upon us and get it done. But I just don't quite understand the haste, given what the minister says about no agenda, no other ramification here because every time an offer is made to, in my view, help the process . . . because if all parties in this Legislative Assembly see the process as reasonable, it has far more impact with the public than it does with the simple NDP majority carrying the day.

And I still haven't heard those assurances. And then we have no option but to vote against this Bill and its clauses because no one can give me that reasoning. And the minister's had ample opportunity, the Premier had it, and the answer I get at each and every instance is that Justice Estey says that it has financially run aground and it's imminent. But no one can tell me how imminent, or when imminent, or imminent with who, and that is the problem, Mr. Minister. I'd like to be part of the solution, not strictly opposing a solution. Your government doesn't seem to give us much opportunity but to oppose.

Clause 1 agreed to.

Clauses 2 to 16 inclusive agreed to.

Clause 17

Mr. Swenson: — Thank you, Mr. Chairman. I'd like to move a House amendment to clause 17, and it would read thus:

Amend clause 17 of the printed Bill:

(a) In subsection (1) by deleting the words "This Act or any provision of this Act comes" and substituting "Parts I, II and V of this Act come";

And

(b) By adding immediately after subsection (1) the following:

"(1.1) Where, at least 9 months after the coming into force of PART II of this Act, the Lieutenant Governor in Council is of the opinion that dispute settlement through arbitration conducted pursuant to PART II has failed, PARTS III and IV shall come into force on a day or days to be fixed by proclamation of the Lieutenant Governor."

I so move.

The division bells rang from 10:12 p.m. until 10:13 p.m.

Amendment negated on the following recorded division.

Yeas — 8

Swenson	Britton
Neudorf	D'Autremont
Martens	Goohsen
Boyd	Haverstock

Nays — 23

Lingenfelter	Sonntag
Shillington	Cline
Anguish	Scott
Kowalsky	Crofford
Mitchell	Knezacek
MacKinnon	Keeping
Upshall	Kluz
Hagel	Carlson
Bradley	Renaud
Lautermilch	Langford
Murray	Jess
Trew	

The division bells rang from 10:15 p.m. until 10:16 p.m.

Clause 17 agreed to on the following recorded division.

Yeas — 23

Lingenfelter	Sonntag
Shillington	Cline
Anguish	Scott

Kowalsky	Crofford
Mitchell	Knezacek
MacKinnon	Keeping
Upshall	Kluz
Hagel	Carlson
Bradley	Renaud
Lautermilch	Langford
Murray	Jess
Trew	

Nays — 8

Swenson	Britton
Neudorf	D'Autremont
Martens	Goohsen
Boyd	Haverstock

Preamble agreed to.

The committee agreed to report the Bill on division.

Hon. Mr. Mitchell: — Mr. Chair, although the officials are not here, having left during the conduct of the vote, I would like to take this opportunity on behalf of the committee to thank them for the assistance that they were able to give us when they came on the previous occasion and again tonight.

THIRD READINGS

**Bill No. 90 — An Act to protect the financial viability of
NewGrade Energy Inc.**

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

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

The Assembly adjourned at 10:21 p.m.