

**LEGISLATIVE ASSEMBLY OF SASKATCHEWAN**  
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**EVENING SITTING**

**COMMITTEE OF FINANCE**

**General Revenue Fund**  
**Labour**  
**Vote 20**

**The Chair:** — I would ask that the Minister of Labour reacquaint us with the officials who have joined us here this evening.

**Hon. Mr. Anguish:** — Mr. Chairman, thank you. I have two officials with me this evening. To my left I have the assistant deputy minister, Janis Rathwell, and one of the directors in the department, Jeff Parr.

**Item 1**

**Mr. Goohsen:** — Thank you, Mr. Chairman. Good evening, Minister. I have tonight brought with me some notes for a couple of questions that I want to ask you, or a few more maybe, and so I hope that you haven't booked a plane for anywhere.

To begin with, we have talked about this particular portfolio before in the session as you will recall, and we had asked you for some global questions that we ask of every department and we finally did receive a package of material. And so we want to just work on that a little bit for clarification to make sure that we understand exactly what's been going on in your department. And we would like to do that for the benefit of the taxpayers of this province so that they'll know that their money was spent for some good purpose.

The first item on our list this evening, Minister, is minister's travel. And we would like to know a few of the details about the travel, as what we have are some very general figures on the answers that you have sent over to us.

Now what we have here is comparative listing from last year and this year, and I'll just go right down to the total and then we can kind of work back where we have to. But it looks like in the travel expense area for '93-94 we had \$386,000 that was spent by your department, and this year it appears that we went up to 475,777.

So there's a fairly sizeable increase in the cost of travel and I would like you to explain to the people of Saskatchewan where did this money all get spent and how did you manage to achieve such a large increase?

**Hon. Mr. Anguish:** — The hon. member is correct on the figure for the budget for the '94-95 fiscal year which was \$475,777. I don't have the figure with me readily available that you quote, I believe it was the '93-94 fiscal year, which was \$386,000 approximately, give or take a few cents.

The reason for the increase in travel certainly is not to do with my commencement with the Department of Labour. I'd have to get that answer for you. The travel I had within Energy and Mines may have justified the amount it had gone up but my officials tell me that that is not the case. There is an increase of some almost 90,000 . . . \$89,000-plus in travel and I don't have a readily available explanation for that. But I will send that over to you shortly. So you want to go on with your questioning, I'll get that answer for you.

**Mr. Goohsen:** — Thank you, Minister. We will await that with anticipation so that we can get right back to it as soon as it arrives.

Under the item of out-of-province travel, could you give us some explanation of the dates, the destinations, and the purposes of these trips, and could you tell us what each of these trips accomplished.

**Hon. Mr. Anguish:** — The minister's out-of-province travel would be about \$3,517. I don't have at the current time the lists . . . sorry, I do have. This was one trip by the previous minister and his ministerial assistant, Bill Davies, and it was to Vancouver, British Columbia, to attend a labour market productivity conference. I can send that over to you.

As well, the travel for deputy minister and department officials: total for the deputy minister, \$4,109; for department officials, \$41,947. And I don't know whether the member wants me to go through the reasons for the out-of-province travel for the departmental officials, but I could send those over to you if you wish. Would that be satisfactory?

**Mr. Goohsen:** — Now, Minister, this seems a strange high amount of money for a Department of Labour to be spending outside of the province when the minister appears not to have made a lot of these trips in conjunction with what was going on. So we're going to study this list and try to put together some sense of why there would be a need to do this kind of expenditure.

In the meantime, do things like hotel bills and meals and other expenses come out of this travel account, or would they be charged some place else in the process?

**Hon. Mr. Anguish:** — All expenses for out-of-province travel would be included in the list that I've sent to you. It would be travel, hotel rooms, sustenance. Anything that would be an expenditure that is tagged to the employee who would leave the province for another destination would be included in those amounts.

**Mr. Goohsen:** — So when you're trying to decide how you're going to facilitate a trip like this, would you have one of your officials in the department sort of phone ahead and book some hotels and arrange for an airplane flight, or would you use a travel agency? And if you did, what would the travel agency's name be if there was one used, or several, or whatever they are?

How would this all be accomplished?

(1915)

**Hon. Mr. Anguish:** — If an employee is anticipating out-of-province travel, I believe they would require a request for travel approval by the deputy minister. And once the approval has been received from the deputy minister, the permanent head of the department, then someone at a clerical level likely, would phone a travel agency and book the trip, the rooms, and any other necessary bookings that would be required during the stay outside of the province.

The travel agency is co-op travel, I believe out of Regina here.

**Mr. Goohsen:** — Well the word co-op usually indicates a non-profit organization that has been registered under the government's legislation. Is that the case in this situation, or is this just a privately owned company?

**Hon. Mr. Anguish:** — We have had an arrangement for about a year, a year and a half, maybe close to two years, with that particular company. In terms of the ownership structure, I don't know that. I don't have that readily available. But if the member requires that, I would undertake to provide that to him.

I would think that because the name is co-op travel, it is a cooperative that is broadly held by the members of the co-op.

**Mr. Goohsen:** — Would the provincial government be a member of that co-op and would you be paid dividends?

**Hon. Mr. Anguish:** — My officials inform that we are not a member of that cooperative.

**Mr. Goohsen:** — Well, Minister, why not? Co-ops in my town operate with the purpose of making a small profit and bringing goods and services to the community, and the profits are shared through dividends. So why wouldn't you be a member of a cooperative that operates in the city and get that saving for the taxpayer?

**Hon. Mr. Anguish:** — Well I would think that the department has chosen not to be a member of any organization so that they can fulfil a professional mandate and feel free to represent, as professionals, any group, whether it be a cooperative, whether it be a labour-management issue. I think it would be inappropriate for the department to join any type of cooperative or other group. They need the independence and the impartiality to work as professionals.

**Mr. Goohsen:** — Thank you, Minister. That makes some sense, all right. It might be a conflict of interest anyway.

Now we were just checking on the out-of-province travel sheet that you sent over and we've got some abbreviations in there that kind of make us wonder what's been happening. For example, apparently there was a trip to a meeting that's called a CCOHS (Canadian Centre for Occupational Health & Safety). What would that kind of a meeting be about and why would you have your officials there?

**Hon. Mr. Anguish:** — Those initials stand for the Canadian occupational health and safety group, and it's important to know what's happening in other jurisdictions across Canada. All jurisdictions would participate in such an organization. It's a sharing of information and learning from each other as to what works well, what doesn't work, new ideas in the area of occupational health and safety.

**Mr. Goohsen:** — Well thank you, Minister. Minister, we have another one here that's under the purpose. It's . . . the destination was Fredericton and Ontario and . . . I think that goes together anyway. And it's: attended the national meeting of Premier's advisory council. What is a national Premier's advisory council?

**Hon. Mr. Anguish:** — It's the Premier's advisory council for persons with disabilities, and there's a national organization which they would have attended, and that's the particular conference that you refer to.

**Mr. Goohsen:** — Minister, what benefit would it be to Saskatchewan taxpayers for somebody to be at that particular meeting?

**Hon. Mr. Anguish:** — Well again, most of the travel out of province is for knowledge as to what's happening in other jurisdictions of Canada so that, in this case, a disabled person — whether they live in Moncton, New Brunswick; or Penticton, British Columbia; or Maple Creek, Saskatchewan — they could expect at some point to have standardized regulations, standardized laws, standardized facilities, and services that a disabled person could expect. There's a sharing of information from each of the respective jurisdictions and hopefully down the road that the Canadian government will observe that an organization such as this provides a good focal point for consultation to produce standards on a national scale. And this is usually the reason for attending a conference of this nature.

**Mr. Goohsen:** — On June 4, for one week, Bill Davies attended Vancouver, British Columbia, a meeting called the labour market productivities conference. Now what would be the purpose of that type of a conference and what would have been gained for the Saskatchewan taxpayers out of going to that meeting?

**Hon. Mr. Anguish:** — The labour market productivity group, I'm informed, is a group which looks at the standards across the country. The importance of a conference such as this is that it's a bilateral industry-labour conference, so you have industry representatives as well labour representatives at that type of forum. And it's likely the way of the future in that the in-your-face or confrontational types of operations very seldom turn out to be productive, either for the employer or the employee.

And this type of conference, I think, helps people to understand how to cooperate together, how to arrive at sometimes

compromise positions so that it's for the very best for the employer and the very best for the employees. And this is the type of conference we'd be very excited about sending employees to, to make sure that we have consistency with the rest of Canada. And if it's unanimous at the national level then we can expect our federal government to standardize some of those issues which are contentious between employers and employees throughout the country.

**Mr. Goohsen:** — Thank you, Minister. I'm intrigued by this conference. Was this a one-week conference?

**Hon. Mr. Anguish:** — I don't know the exact duration of the conference. I would in fact ask the employees to look at the dates that the conference was actually held and provide that to you in a written form.

**Mr. Goohsen:** — Thank you, Minister. We'll await that information. Just to carry that a bit further, we do note that the minister in charge at that time was not, apparently, yourself — it was the previous minister — and it appears that he stayed for two weeks. And we were kind of wondering if the conference lasted for a week or two weeks or three weeks, or if the Commonwealth Games were on at the same time, or just what was going on over there?

**Hon. Mr. Anguish:** — Well I don't know what events coincided out in British Columbia with the time of the trip that you're calling into question. I'm sure that the employee who travelled to the west coast had good reason for being there.

It's not unusual for people who are employees of the province of Saskatchewan to take the opportunity, when they have to travel to another jurisdiction, to in fact try and garner more knowledge and understanding of what happens within that particular area of influence that they would have to deal with back here in Saskatchewan.

So I don't know the exact answer to that, but as I said, we will undertake to provide the member with the information as to the exact dates of the conference, how long the trip was, and what this particular individual did in addition to attending the conference out in British Columbia.

**Mr. Goohsen:** — Well thank you, Minister. I wasn't questioning the rationale for sending Bill Davies to a conference like this. I think we do have to participate in the world around us obviously. And I'm quite sure that he had a legitimate reason to be there.

But we did notice that the member from Churchill Downs had been gone exactly the same period of time, and for even a week longer; went to the same place. It appears that he attended the conference, and that's what it says. It's got an abbreviation there, but I'm sure it's the same conference at the same time at least in chronological time. So we were kind of wondering why he stayed a week longer and what he accomplished for the taxpayers in that extra week?

**Hon. Mr. Anguish:** — Well I would take that as a supplementary to the question you asked earlier and undertake to provide you with that information. I would want to point out to the hon. member that it's not unusual for a cabinet minister to be accompanied by a ministerial assistant and do a number of additional things while you are on one specific focus for the trip. And to abbreviate it, it is likely been written down that he attended this particular conference.

I could give you an example of myself and my former portfolio. If I had travelled to Calgary to attend an event at the Petroleum Club, I would quite often take opportunity of that same trip to share expenses and save dollars for the taxpayers to visit with a number of oil and gas companies in Calgary while I was there. And it could quite well take longer over a period of days than the actual event that would be marked down for my attendance.

But I'm sure that the member who was the minister of Labour at that time can well document the reasons he was there and his itinerary for you. And again I will undertake to provide that because I view it as a supplementary question to the one you've asked earlier.

**Mr. Goohsen:** — Thank you, Minister; we would appreciate having that information because obviously the member from Churchill Downs stayed an extra five days after his official came home and there must be some explanation as to what he was up to. And obviously if he was representing the taxpayers of Saskatchewan and the government of this province, there must be some documentation as to what he was doing. And I'm sure he will probably cooperate with you to track that down. So we will anxiously await the answer to that question.

Just going back to the way that travel agents are selected and the people that you deal with, and you've already explained that this was a co-op group, would work like that be tendered or would you just naturally assume that you could determine whether or not you were getting the best deal?

**Hon. Mr. Anguish:** — The situation with the co-op travel as being the travel agency of record for the Department of Labour was a tendered situation and they were the successful bidder.

**Mr. Goohsen:** — Thank you, Minister. Now in the in-province travel we've got something like \$426,781 were spent. Would those kinds of travelling be similar to the ones that were out of province or are there different responsibilities that are attached to the in-province travel expense?

**Hon. Mr. Anguish:** — That travel would be quite different. The travel usually done within province is task oriented where an employee may have to attend a situation of conciliation; they may have to meet with a business group; they may have to meet with a trade union; they may have to investigate an occupational health and safety complaint; they may have to investigate a labour standards complaint. There would be a wide range. But usually it's task oriented where the employee would go out with a specific reason in mind for being there to try and resolve a situation and then return back to the place

where they're assigned for their employment.

**Mr. Goohsen:** — Just to give people an idea in a little more detail, could you give us some kind of an example, maybe even a hypothetical one so that we don't use somebody's particular name or anything like that, of the type of conciliation work that someone might be doing in this department.

**Hon. Mr. Anguish:** — Well for example, there's one going on now with Parkridge nursing home in Saskatoon where the parties were not progressing as any reasonable person would expect. Both sides recognized that; they asked for our intervention, I believe they asked for our intervention, and we appointed a conciliator in that situation to see if we could have the individual who's doing the conciliation get a resolve between the two parties.

That's maybe not the best example of travel and the expenses you're asking about. Another situation would be that someone in Green Lake, Saskatchewan, has a complaint in the nature of occupational health and safety or a labour standards or a Trade Union Act complaint. The closest employee to that, depending on the nature of the complaint, may be North Battleford, and the employee would at some point likely have to travel from North Battleford to Green Lake, look into the situation, hear all sides of the story, gather the information they need to gather to determine what the facts are, and at some point travel back to the office in North Battleford.

That's an example of the travel that you refer to in the amounts that you refer to, that would be taken internally within the province. And I think that makes up the vast majority of the travel internally within the province of Saskatchewan.

**Mr. Goohsen:** — Thank you, Minister. In the event that you did travel, as you say now to North Battleford, and an official made that trip and they were investigating something in the area of the occupational health and safety area, perhaps on a complaint and there was an inspection required, would you charge someone there a fee or some kind of charges for that individual having gone there to do that trip? Or is this all cost that is directly related back to your department? Or is there any recovery under any circumstances where you pass the costs on to the people who have caused the problems that require people to travel out there?

**Hon. Mr. Anguish:** — No, not currently. Certainly in occupational health and safety, and I believe labour standards as well, it's a cost of doing business for the department. And the employee would go out there and try and determine the relevant facts of the situation and try and assist in getting a resolve with the employer and the employee, or in some cases, employees.

But the travel in that case, the expenses associated with it, have always been absorbed by the department. I think that that is rightly so. And that's been the case for as long as I think the department has existed. There's no attempt at cost recovery for travel expenses within province.

**Mr. Goohsen:** — Thank you, Minister. Maybe we should have fees and charges. The thought just crossed my mind that maybe if there are some folks in society who consistently cause you to have to have officials come out and straighten out problems, if it were once or twice, I suppose that would be the cost of business. But if it got to be a chronic situation, maybe there would be a need to start to charge people and make them more responsible.

I'll let you comment to that. And then I guess earlier today the Liberals had indicated that they wanted to make some comments and ask you some questions, so I'll let them have their turn now if they'd like to get involved with the Department of Labour — after you make your comments.

**Hon. Mr. Anguish:** — Well I guess we wouldn't want, either from the employer side or the employee side, to cause undue hardship because of the expense of someone coming out to investigate a particular complaint.

Actually the new Labour Standards Act may allow for a small fee for the collection of wages, and it can be up to as much as 10 per cent. I'm not sure that that's a practice that will either deter or encourage people to make complaints if the law or regulations have been broken. Certainly if there's cases of vexatious complaints, we would want to make sure that if those were reoccurring in the same area, that in fact the department would be a little reluctant to respond.

So I think that what you're saying may have some merit to it, but we certainly wouldn't want to impose any hardship on people utilizing the facilities of the Department of Labour.

(1930)

**Mr. Goohsen:** — Thank you, Mr. Chairman. I guess the Liberals really didn't want to be bothered with the Department of Labour, so I'll just carry on and ask the questions for them. I suppose somebody has to do it for them.

Mr. Minister, in the area of legal actions, could you talk to us a little bit about the kinds of legal actions that might be going on in the department. I guess, just give us an overview to begin with.

**Hon. Mr. Anguish:** — Usually we will consult with the Department of Justice. Sometimes we can receive legal assistance from the department itself, meaning the Department of Justice.

In terms of the Labour Relations Board, we've retained four different law firms in the period April 1, '94 to March 31, '95. And those firms worked as legal counsel to the Labour Relations Board. The total payment to them was \$27,750.

We also, during the year that I mentioned previously, had two law firms give us legal opinions on certain aspects of The Trade Union Act. These fees amounted to \$7,300. We had some consultations with private legal firms over the labour standards

hearings. That amounted to some \$3,440. And there was 930 miscellaneous dollars of legal fees. In total, with private law firms, the department spent in the fiscal year '94-'95, \$39,420.

**Mr. Goohsen:** — Would any of these actions have been as a result of regulations that were not implemented?

**Hon. Mr. Anguish:** — My recollection is that there was that situation with the labour standards regulations, as to whether or not they actually reflected what the intent of the government was, and there was a small amount. I'm not sure what the total was, but the total for the year, and even if that was the total for that consultation on the regulations, was some \$3,440 as a cost to the department.

**Mr. Goohsen:** — What law firms would have been connected in receiving those funds?

**Hon. Mr. Anguish:** — There were two firms that gave opinions on the labour standards regulations. They were MacPherson, Leslie, Tyerman; and Woloshyn Mattison. Both those firms gave opinions on labour standards regulations.

**Mr. Goohsen:** — Well, Minister, it sounds to me like most of this legal cost was in terms of consultation fees. Were there any actions that your departments were involved in where there were plaintiffs? Or were there any actions where you filed against somebody else in any kind of a court action or suit or anything like that? And if so, what would those costs have been and who would have been involved?

**Hon. Mr. Anguish:** — In the type of situation that you refer to, we would not have retained any private sector law firms. Any actions either for or against the department would have been handled by the Department of Justice.

**Mr. Goohsen:** — So in order to find out what actions there might have been, would it be then appropriate for us to ask the Department of Justice when they're here or do we seek those things from you? Could you elaborate?

**Hon. Mr. Anguish:** — The department officials and myself are unaware of any actions that actually happened. There have been consultations on legal matters, regulatory items, statute items, but no retention or, pardon me, no usage of Department of Justice for actions actually by the department or against the department.

**Mr. Goohsen:** — So the consultations, Minister, that the Department of Justice might have handled for you, how would we find out about those? Would we find those things out from you now or do we have to wait and ask the Minister of Justice?

**Hon. Mr. Anguish:** — The Department of Justice would have a breakdown for you as to the amount of service that they would perform for each of the provincial government departments and/or agencies. In terms of actual opinions, I guess it would be more appropriate that it would come from us. But if you want the breakdown of time that Justice would spend, their time with

various government departments or agencies, it would be appropriately asked of the Department of Justice.

**Mr. Goohsen:** — Well could we get an undertaking from you to give us what your interpretation is of those things that the Department of Justice has done for your department and then we'll also ask them, of course, later on. And that way maybe we'll get everything. I note the minister is nodding yes, so we'll take him at his word and wait for that information.

In the area of contracts, we note that there are two contract employees that you had this year. Could you give us their names, their terms of job description, benefits, offices' locations, principal residence and locations, and those kinds of things that relate to the contracted employees.

**Hon. Mr. Anguish:** — During the period April 1, 1994 to March 31, 1995, the '94-95 fiscal year, there were two contractual services provided by individuals to the Department of Labour. They were John Alderman in the amount of \$19,020. There was Ernest Becker. His contract was in the amount of \$19,780.

In terms of their services, Mr. Alderman reviewed and advised on the development of the occupational health and safety regulations and the mine regulations. He provided support for the occupational health and safety council. He reviewed and advised on divisional policy with regard to uranium mining in Saskatchewan. He reviewed environmental impact statements and developed the divisional policy in regard to the federal-provincial review panel. And in terms of the period, that took place from January 3, 1995 and the contract runs until June 30, 1995, which is a month or so into the future.

In terms of the personal residence, I think it's inappropriate to provide that information for employees. I don't want to, in a public forum, provide personal residences so that anyone can determine where Mr. Alderman actually lives.

The second individual, Mr. Ernest Becker, he developed policy for regulations on the long-lived dust in Saskatchewan uranium mines. He established a mechanism for conducting an epidemiologic study of the health of current and former uranium workers. He completed uranium mine radiation safety training programs. And again, I feel it's inappropriate to provide the residential . . . or personal resident's address of the individual, and I hope that serves your needs in terms of the two contract employees.

**Mr. Goohsen:** — Thank you, Minister, that's a great help to us. I guess we should have more specifically said could you give us a description of a community where these people might have been located in rather than the more specific kind of question that I did ask. And I understand the logic behind your thinking of not giving out the details, and I appreciate the fact that you didn't do that. But could you tell us which part of the province, maybe a little closer to what city or some community kind of a description?

**Hon. Mr. Anguish:** — Mr. Alderman has a permanent address in the Outlook area. The other individual — Mr. Becker — his address would be Saskatoon.

**Mr. Goohsen:** — Thank you, Minister. Now under the heading of personnel reports — and you gave us considerable information there on personnel circumstances — it appears that you hired four fewer in-scope permanent employees this year. And yet you have still managed to spend \$280,790 more on the salaries for this class of employee. How did this happen?

**Hon. Mr. Anguish:** — That depends entirely on the mix of classifications. For example, if there were fewer clerical employees within the department but more occupational health and safety officers or labour standards officers, then you could quite well have fewer positions but more money paid to the positions.

I don't know whether or not temporary positions are included in that, but I suspect the temporary positions are included in that as well. So it really depends. You'd have to do an analysis of the mixture of employees — clerical versus inspectors versus regulators versus executive administration — within the department.

**Mr. Goohsen:** — Well, Minister, that was sort of what we were hoping you might do for us because it doesn't say anything about part time. It says in-scope permanent employees . . . is the term that's used. Now permanent seems to imply permanent, not part time. Or maybe I'm confused about this, but then the reality goes on that we did spend the \$280,000 more for salaries in that class of employee and yet we have statistical data given to us by you that shows four fewer in-scope people were in that department collecting the wages. So how did it happen that this extra amount of money got spent?

(1945)

**Hon. Mr. Anguish:** — I'd like to correct the record just a bit if I could for the member. I hope I haven't misled you, but the information I have is that you're correct that temporary employees are not necessarily included in that amount.

The four fewer in-scope people but the greater amount paid overall, would have been part of the collective agreement arrived at with the Saskatchewan Government Employees' Union. You'll recall that the standard fare at that time was zero per cent, zero per cent, and 2.5. This would have been the year that the 2.5 per cent had kicked in and that reflects the four hundred and eighty-some thousand dollars that you refer to; that would be the 2.5 per cent spread over the amount of the in-scope employees.

**Mr. Goohsen:** — Would any of the employees involved in this negotiated settlement — and I believe it was a 2.5 increase — would any of those employees have earned less than \$12 per hour, and if the ones that are above that . . . would they have been bumped up or anything like that?

**Hon. Mr. Anguish:** — I can't give you a precise answer on the people earning less than \$12 per hour. I would suspect that there would be very few, if any, but we would have to do a computation because their wages are based monthly or annually and we would have to break down the actual numbers of work for a specific employee, divide it into the monthly wage, and determine the hourly rate for you. I don't have that information readily available and I believe that we could give you our undertaking to provide that to the member.

**Mr. Goohsen:** — We'd appreciate that, Minister. I would just . . . in consultation with my colleague who said that in SPMC (Saskatchewan Property Management Corporation), this same application was used in the negotiated settlement. And all those employees that were working at that time who were under \$12 per hour were automatically bumped up to a level of \$12 or more, so it became their minimum sort of a wage. And then new people were hired later at lower wages, but everybody sort of got bumped up to that area and in fact then that some people may have gotten only one and a half per cent or even perhaps less of an increase, while those below the \$12 level had gotten maybe three or five or whatever it took in order to get them to the \$12 level.

So that it wasn't really a 2.5 per cent increase for everybody. It turned out to be an average. And is that the same circumstance that occurred in your departments?

**Hon. Mr. Anguish:** — I'm informed by the officials that there were no special adjustments within the Department of Labour, so it would be safe to say that the in-scope employees, everyone, got 2.5 per cent increase in that particular year, after having been negotiated zero the year before and zero the year before that. So you can't use this as an average. It is in fact the amount. There was no special adjustments within the Department of Labour.

**Mr. Goohsen:** — Thank you, Minister. Now you spent about 30,000 more dollars on the out-of-scope temporary employees. Now could you explain what these positions were and why you spent more money on this term this year?

**Hon. Mr. Anguish:** — To arrive at what the member would like, I believe we'd have to do a breakdown of everyone who is out of scope. The out-of-scope employees receive not 2.5 but a 2 per cent across the board increase. There may well have been some people that moved from one position out of scope into another position out of scope, and that could also have an effect on the \$30,000 that you refer to.

But I can't give you a definitive answer to a fairly general question that you've placed to me. If the breakdown is important to you, if you let us know more specifically what you're interested in, we'd try and provide that breakdown for the member.

**Mr. Goohsen:** — No, Minister, I think on a \$30,000 item we wouldn't want to put you to a whole big test. I think perhaps though you might take note of this for next year, and if we're

both still around maybe I'll ask you where this kind of money went and you might want to give us a little more detail. Quite sure that it's possible if you have folks watching for it as they're doing their job of compiling the information for you.

Now you spent \$183,981 on other employees, which is \$81,000 more than last year. Could you explain what these other employees are and why spending in this area increased so dramatically?

**Hon. Mr. Anguish:** — Other would include the costs paid to members of the Labour Relations Board, the joint commission on part-time work, and the joint labour-management sectoral working committees. There'd be overtime included in that, temporary performance of higher duties, those types of things would be included in the amount that you have referred to.

**Mr. Goohsen:** — Thank you, Minister. In the overall spending of the department, under the departmental travel once again — I just want to divert back to that again — we have got a little calculation here. It shows, if we got this right, that 23 per cent increase at the \$475,777, and that seems like a fairly significant increase.

Why has it gone up this much in this period of time? Will this be an ongoing percentage increase that you can expect for next year? Do you have any plans, or was this something that just cropped up one particular year because of the changes to the Acts? Could you outline these additional travel involvements?

**Mr. Goohsen:** — Yes, I believe that relates to the first question you asked me here this evening. The amounts where the increase occurred were with in- province travel. They can be broken down basically into three areas. There's the increased amount of expenses for safety and labour standards activities; there were the 14 labour standards sectoral committees for consultations; and thirdly, there were the 20 occupational health and safety committee sectoral committees, to have consultations with them.

We do not expect this to reoccur in the year under review. And this is a one-time expense because of the broad consultation that took place in regard to the Acts and the regulations, which the member would be well aware about. Do we expect these to occur again next year? No, we do not expect those same expenses to occur again next year.

**Mr. D'Autremont:** — Thank you, Mr. Chairman. Mr. Minister, I noticed that with the change-over from the previous minister to yourself that there has been a change in the ministerial staff within your office. I wonder if you could give us some information about the staff that was there previously that are no longer there? Are any of them currently employed either within another department or within a Crown corporation?

**Hon. Mr. Anguish:** — It's usually the case that when a minister changes portfolios that the staff that the minister had would move with him into the new portfolio. I can tell you that the people I currently have employed in my office are Janet Abels,

Shayne Cristo, Scott Goddard, Judy Haukeness, Ingrid Read, and Linda Plese. Those are the current employees.

I do not know the disposition of the staff that worked for the previous minister. But I would undertake to get that for you. It's just not readily available this evening.

I assume that some of those staff may be in different jobs somewhere within government, some may still be with the minister, some may have gone to other opportunities. I just don't have that available here this evening.

**Mr. D'Autremont:** — Okay thank you, Mr. Minister. On your global that you've sent over — information — it talks about permanent employees and a number of names listed under terminations. How can those employees be permanent if they're terminated?

**Hon. Mr. Anguish:** — Possibly the term, termination, is a bit of a misnomer because even if someone resigns, it's recorded as a termination. So there can be many different categories of a person departing the employ of an office; it would be classified as a termination.

**Mr. D'Autremont:** — Well, Mr. Minister, I think I have more contention with the word permanent than with termination. If the employee can be moved away, they're not a permanent employee. And as one boss that I had told me that there are no permanent employees in this organization, they are regular employees and temporary employees. And this was about six months before he got fired.

So I think it goes to prove the point that there are no permanent employees and perhaps it would be worth the minister's while to change the names of the classifications away from permanent.

I have some questions also dealing with advertising and communications. You have a number of newspaper ads and training ads that were put out. They're all by one company. And I was wondering if all of these were tendered. Who else submitted tenders and were there any special conditions attached to those tenders?

**Hon. Mr. Anguish:** — The agency for the department would have been originally tendered. The successful bidder was Warwick associates and they are the agency of record. That will likely at some point in the future be tendered again, to remain competitive in terms of the firm that we have to perform the service for the department.

**Mr. D'Autremont:** — This tendering would be then not for a job basis but rather for a one-year or two-year term or whatever it may be. What kind of a term are we dealing with?

**Hon. Mr. Anguish:** — I don't have the term of the Warwick and associate contract readily available here this evening. I would give the member my undertaking that we would provide that with the other issues that we are going to provide you with

written information on at a later date, if that's acceptable to you.

(2000)

**Mr. D'Autremont:** — Well, Mr. Minister, I would think that you should know whether or not tenders were at least provided on a one-term basis, per job, or if it's a one-year term to provide all the printing necessary for the department. Can you answer that?

**Hon. Mr. Anguish:** — It's not per job. It would be for a set term so that one agency would do all of the work that the department would require. We don't go to the competitive market for every individual situation where we wish to receive this type of service. So I can tell the member that we don't tender for each individual service we require. We would have a contract with Warwick associates, and it's for a set term of time. I just don't have that set term here this evening.

**Mr. D'Autremont:** — Thank you, Mr. Minister. If you have a contract with Warwick associates for a period of time, would they also receive a retainer if there was no duties performed?

**Hon. Mr. Anguish:** — No. Payment to the firm would only be on services performed for the department.

**Mr. D'Autremont:** — Thank you, Mr. Minister. You also have, under advertising and communications, a number of newsletters and periodicals. It doesn't list here who printed them. The costs are listed, but no one listed for who printed them. I wonder if you could provide that. Were those done in-house, or were they done through Warwick associates, or who did that printing for you?

**Hon. Mr. Anguish:** — In the case of printing of pamphlets and that type of material that would be dispersed from the department. We have a printer that is for a set term just like the agency of record, and we would provide all of the print work to that particular print company.

**Mr. D'Autremont:** — Two questions then. Warwick and associates — where's their head office, or where are they based out of? And the other periodicals, the newsletters and periodicals, who would be the company that is doing the printing for you?

**Hon. Mr. Anguish:** — Warwick associates is out of Saskatoon. The officials do not have the name of our printer of record that we go to here this evening. I apologize for that. I don't know who is doing our printing currently. But I'll give you my assurance that that will be provided with you as expeditiously as possible.

**Mr. D'Autremont:** — Thank you, Mr. Minister. Under Warwick associates, you have approximately, I believe, 23,000, \$25,000 worth of printing. Under newsletters and periodicals it's about \$50,000 worth of printing. And yet I'm surprised that you wouldn't have the name of who would have done that. If you had the name for the 25,000 roughly, why wouldn't you

have the name for the \$50,000? I just find that somewhat of an omission that they wouldn't even be on the list. As one of your colleagues says, it makes us suspicious as to what may be transpiring. So if you can provide that for us, please, if you would.

I have some questions now dealing with the computers that were purchased for your department. You have a purchase here of a NEC 3V MultiSync colour monitor for \$9,800. I wonder if you can explain that. Hopefully it's more than one monitor, although there no "s" at the end of monitor, so I have to wonder. That's an awful high-priced monitor.

**Hon. Mr. Anguish:** — Well I could come over and add the "s" on for you if you want. It's not for one monitor, it's for five separate monitors. So if you divided five into the \$9,800 that would be the cost per monitor.

**Mr. D'Autremont:** — Well, Mr. Minister, NEC are very good monitors. I'm just not exactly sure that that's what you really need in the department. What would they be used for, and what size of monitors are these? Do you have any idea?

**Hon. Mr. Anguish:** — These would be 14-inch monitors, the standard size monitors, I'm informed by the department officials that are here this evening. They would be at various locations, likely either in Regina or Saskatoon, but not necessarily.

**Mr. D'Autremont:** — Well, Mr. Minister, five monitors for 9,800 bucks, 14-inch monitors. You can go down to Future Shop here, for 250, \$300 you can buy a MultiSync colour monitor, 14-inch. So for 1,500 bucks you could have got, perhaps not as good a quality, but certainly sufficient, if you're simply using them for word processing, to do the job. So looking at that, you overpaid by \$7,500. That's a significant amount of money on a purchase of five computer monitors, Mr. Minister. I think you better come up with a better explanation.

**Hon. Mr. Anguish:** — Well I do have a better explanation. We acquired those through SPMC. Maybe SPMC marked them up so when they get before estimates, you can maybe ask SPMC what they paid for them versus what they charged us for them.

We're always looking for a better deal in the Department of Labour, and if our officials can get a better deal, we want a better deal. I appreciate your suggestion as cheaper monitors. I don't know what the actual cost was to the Saskatchewan Property Management Corporation, but I know that the \$9,800 was the cost to us. It was for five monitors. We paid the bill. We hope that SPMC is doing as good a job as what the officials in the Department of Labour do.

**Mr. D'Autremont:** — Well according to the minister of SPMC, they do an excellent job, and they get the cheapest prices possible. I'd like to have your contracts for purchasing computers because I think I could be fairly rich at the end of the day, especially if you're prepared to pay 2,000 bucks apiece for a 14 inch monitor. If you're buying 21-inch monitors you're looking at \$2,000, but not 14-inch ones. So, Mr. Minister, I



would strongly suggest that you go back to SPMC and inquire as to what is going on in this particular case because you paid way too much.

So since you paid way too much for your monitors, maybe we should check the rest of your computer stuff. You purchased some compact LTE lite laptops for \$9,000 with the docking stations. How many computers are we talking about here and what types of computers?

**Hon. Mr. Anguish:** — The Compaq LTE lite laptops, there were two laptops that were purchased. The total cost to us that we paid the Saskatchewan Property Management Corporation, I believe, would have been \$7,000.

**Mr. D'Autremont:** — Mr. Minister, again I have to almost think that they saw you coming. Can you give me a little more information on these laptops. What speeds are they — are they 486s? — and what megahertz?

**Hon. Mr. Anguish:** — I don't know that, but I'd sure give you my undertaking that as soon as possible I would go over to the department and check out where these two laptops are, and I'll get the number of RAMs (random-access memory) and all the things that you require. If you give me a detailed list of what you want to know about these two Compaq LTE lite laptops, I'll get it for you.

**Mr. D'Autremont:** — Well, Mr. Minister, I think you had better start looking at your computer purchases for \$4,500 for these two computers. Again, you're pushing the very upper limits of purchase prices for that type of equipment, depending on what it is. Now if it's a fairly fast machine it's certainly within the ballpark, but more than likely it's not.

Other purchases — you purchased a number of NEC 48 . . . well I'm assuming it's 486 here; it says 466, but 486 DX2s and some with hard drives for 67,500. How many computers did you purchase?

**Hon. Mr. Anguish:** — It's my understanding that 22 personal computers were purchased for the \$67,500.

**Mr. D'Autremont:** — You're getting into the ballpark now, Mr. Minister, on prices. Maybe a little high but still not bad.

The NEC Versa laptops for 24,800, how many of those did you purchase?

**Hon. Mr. Anguish:** — I'd want to tell the hon. member the computers that you refer to I'm not sure how many. I'm not sure how many laptop computers there were, but there were three work orders so there's at least three laptops for that amount. I don't know how many on each work order. I could provide that at a later date in writing to the hon. member.

**Mr. D'Autremont:** — Well thank you, Mr. Minister. Please do so.

On the next page on your globals, for \$2,300 you bought some additional 2 megs and 4 megs simm memory. How much of that did you purchase?

**Hon. Mr. Anguish:** — Well obviously, I'm going to have to get on top of the computer situation within the Department of Labour because I can't answer that question for you. But I would assure the hon. member that if you give me the list of everything you want to know about the computers and the software and the monitors and the floppies and the hard drives and anything you want to know, if you provide me the list I'll get that information for you.

**Mr. D'Autremont:** — Well I realize the minister is not totally computer literate and therefore all these terminologies are somewhat beyond him. But, Mr. Minister, when I look at the prices and what you're getting for them I have to take into consideration that we're dealing with the Department of Labour, that you personally favour the use of the government Crown tendering policy and are used to paying 30 per cent more for everything than what would normally happen in the private sector. So I can understand why you would allow SPMC to perhaps inflate the prices here on your computer purchases.

I think you should go back to SPMC and verify those costs and that you were getting the equipment capabilities that you were paying for. Because I would suggest to you that when you're buying 14-inch monitors, five of them for \$9,800, you have way overpaid. So, Mr. Minister, even though you're used to paying an additional 30 per cent in labour costs, perhaps you should reconsider some of these purchases and ensure that you receive the value for your dollars that you're spending of the taxpayers' money before you proceed and buy more computers from SPMC.

**Hon. Mr. Anguish:** — A number of things I want to point out. The member should be aware the purchases that we get through the Saskatchewan Property Management Corporation are not within the Crown corporation tendering policy. The Saskatchewan Property Management Corporation is not a commercial Crown; therefore it doesn't apply.

But I do really appreciate what the member points out in terms of getting bang for the buck, so to speak, for taxpayers' dollars. And I'll certainly ask the department to have some consultations with the Property Management Corporation to determine whether or not they are giving us the best service possible. I know the department's interested in providing good service. I know they're also interested in receiving good service from the suppliers that they deal with.

(2015)

I do want to make a minor correction in terms of the monitors that you referred to earlier. The \$9,800 may have been for more than five monitors. I'm informed that the monitors were purchased on five purchase orders. There could have been more than one monitor on a purchase order, and I know that the very good assistant deputy minister who sits next to me here that

originally provided me with that information will examine each and every one of those purchase orders to determine how many monitors there are for \$9,800. And I want to personally sign the letter to send across to the hon. member. And I thank you for bringing these items to our attention in terms of getting good value for money spent.

**Mr. Goohsen:** — Thank you, Mr. Chairman. No, I didn't stand up to torture the back-benchers; I have a couple of more questions that have arisen from our researches into the information sent over by the minister.

Amongst your new, non-permanent employees you have a Ms. Dawn Stanger, who was hired as an info services officer in January, Minister. Could you describe for us where Ms. Stanger works and what this position involves, what Ms. Stanger's qualifications are, what steps were taken to advertise this position, and how many other applicants there were, and how Ms. Stanger came to be selected over the other candidates for this position.

**Hon. Mr. Anguish:** — Ms. Stanger that you refer to was not hired through a competition. She was hired as a temporary employee. We were under some pressures to get information out on The Labour Standards Act and the regulations that flowed from that. She actually works within the communications branch of the department. Currently, I believe, her position is soon to be advertised . . . (inaudible interjection) . . . or, my official tells me, has been advertised. She would have to apply for that position and go into competition with other people within government, outside of government, anyone who responds to the ad.

So that's going to competition in the very near future. The advertising process, to make people aware, has already commenced.

**Mr. Goohsen:** — Minister, could you elaborate on the activities of the Jurisdictional Assignment Plan Development Committee? I noticed that it involves The Construction Industry Labour Relations Act and has Mr. Ed Cowley as the Chair. Would this have anything to do with the recently announced Crown tendering policy?

**Hon. Mr. Anguish:** — No, it doesn't really. It's a committee that looks at jurisdictional issues between the trade union movement and the employers that they work for within Saskatchewan. He chairs that particular — is it an advisory committee? — he chairs that particular committee to have consultations amongst the trade union movement, in particular the building trades of Saskatchewan. And he would provide advice in regard to jurisdictional issues of unions and workplaces as opposed to anything to do with any policies of government.

**Mr. Goohsen:** — Well, Minister, having gone through the global answers that you supplied to us and having studied and researched the department over the past few months, it seems to me fairly obvious that we can come to a couple of conclusions.

And the first conclusion I would come to, having observed the department and worked through the figures, is that you have an awful lot of luxury items that you're purchasing for your employees. I'm sure they're quite happy employees. They should be — they have overpriced equipment that is not totally necessary. This appears to me to be a wasteful expenditure of taxpayers' money.

We think that the second observation we can make, having worked on the analysis of your department, is that you have an awful lot of fat in your department created by unnecessary legislation that is definitely a hindrance to the development of our province, definitely has discouraged business from coming into our province, new businesses. It has stifled our economy, and it is definitely largely responsible for the state of inactivity that we find our province in when we compare it to the province of Alberta and other jurisdictions.

We feel that your department and the work that your department has done is far too overpriced for the taxpayer and we want the taxpayers of this province to know that this our analysis of the situation in the Department of Labour.

And having said that, I am looking forward to some day getting on to the point of the election that everybody keeps promising us, so that we can offer to the people of Saskatchewan an alternative, and if we are provided with the alternative . . . the opportunity to be that alternative, I can show you where we're going to cut a whole bunch of fat out of your department and it'll probably start at the top.

**Hon. Mr. Anguish:** — Well I thank the hon. member for his advice. I assume you're referring to at the top as myself and certainly as elections change, I wouldn't begrudge you that if the government is defeated and someone else is there. I'd expect to, well, be cut. I don't think I should be; you think I should be. That will bear out in the future.

I do, however, appreciate the advice you give in terms of luxury items. If the employees had luxury items, then we need to do a review of that. The legislation that you referred to in terms of the creation of too much expenditure because of too much legislation, I would want to say to you that in the future certainly employers and their employees have to work more closely together because the old days of confrontational situations are rapidly moving behind us. And those who are on the leading edge of management-labour relations certainly develop cooperative atmospheres in which they can complement both the employees of the company as well as the company itself.

And so your comments tonight are much appreciated. I appreciate you taking the time to have done all the research you've done and ask the very good questions that you've asked to hold us accountable and to keep us on our toes whether we are politicians or whether we are the permanent employees of the department. So I thank you for those questions.

Item 1 agreed to.

Items 2 to 7 inclusive agreed to.

Vote 20 agreed to.

**Supplementary Estimates 1994-95  
General Revenue Fund  
Budgetary Expense  
Labour  
Vote 20**

Item 1 agreed to.

Vote 20 agreed to.

**Hon. Mr. Anguish:** — I would like to thank the members opposite for their questions this evening. I'm glad that the member was also able to provide the questions that the Liberals would have asked, but were asked by the member opposite. I'd like to thank the officials for the very good job they've done in providing information.

I do want to assure the member from Maple Creek and the member from Souris-Cannington who asked the questions this evening that the department officials will expeditiously follow up on those items which we did not have answers for this evening, although they were very valuable questions, and will have those to you just as soon as possible. Thank you, Mr. Chairman, for your time as well.

**Mr. Goohsen:** — Thank you, Mr. Chairman. I would join with the minister in thanking the officials for their contribution to the work that had to be done in reviewing the Department of Labour, and we very much appreciate the forthright manner in which the answers were given, and we anticipate the ones that are still coming. So thank you, Mr. Chairman.

**General Revenue Fund  
Economic Development  
Vote 45**

**The Chair:** — I would ask that the minister please introduce the officials who have joined us here this evening.

**Hon. Mr. Lingenfelter:** — Thank you very much, Mr. Chairman. I want to say to the members of the opposition, I look forward to their questioning tonight, and as always I'm sure we will have a very good discussion and debate.

With us tonight for the committee work, Mr. Chairman, is my deputy minister, Pat Youzwa, seated to my direct right; directly behind me — I think directly behind me — is Peter Phillips, who is the assistant deputy minister; Bob Perrin behind me and to my right is the acting assistant deputy minister of northern affairs and programing; and to my left is president of Sask Opportunities Corporation, Zach Douglas.

(2030)

**Item 1**

**Mr. Swenson:** — Thank you, Mr. Chairman. Welcome, Mr. Minister, and your officials. It looks like, as usual, the official opposition will have to handle all the questioning tonight. I sometimes think, Mr. Chairman, that I should get paid double, having to fill in for the Liberals all the time. But be as it may, we'll have an interesting discussion tonight.

Mr. Minister, one quick question because I've been curious for some time on your reluctance to get involved in the pasta business. I understand the federal government have a \$35,000 study out in western Canada and your government has reacted very coolly to any of the proposals that have come forward. And we are the premier durum growing area, certainly in western Canada and if not in all of North America. And it would seem to me a fairly natural thing for you to do when you're busy handing out money these days that maybe pasta production might be something that would seem reasonable.

Can you tell me where your department is at with this federal study and if you have been dealing with anyone in the pasta business over the last 12 months.

**Hon. Mr. Lingenfelter:** — Mr. Chairman, the hon. member is right in the fact that there have been ongoing discussions and debate over the production of pasta in Saskatchewan. This is not a new concept, of course. Their government was involved in negotiations on the proposed pasta plant for the Swift Current area. And during the 1970s, during the Blakeney administration, there was a great deal of talk about the possible establishment of the pasta industry here in Saskatchewan.

One of the problems that one has when you go to the process of producing pasta is not the fact of being able to do the technical work of producing pasta, but fitting it into the distribution chain. Because pasta, like many products, is very tightly controlled by a few companies in terms of distribution, and you almost have to start at that end of the chain and that is, find someone who will accept and distribute and sell for you, the pasta that you produce.

Of course we could produce pasta here, but the key to production is having the market. And what the Saskatchewan Wheat Pool and others are now doing is trying to find that crucial partner who will take the product once it's produced here and put it on the shelves in the supermarket. And this was a dilemma for your government, a dilemma for the previous administrations, and obviously is the reason why pasta production is very difficult in Canada.

The other outstanding problem that mitigates against the production of pasta in Canada, in fact new plants in North America, is the fact that the export enhancement program that the United States has been involved in as it would affect durum wheat pays a large subsidy on durum moving into the export markets, which makes it very much cheaper in many ways to produce, to ship durum out of the United States or the continental area of North America and produce it in other countries around the world.

And so when we've been dealing on the trade issue with the United States, we have argued quite strongly that if they were to end the export enhancement program it would actually be easier for North American companies to do value added on things like durum wheat, but also many other grain products.

**Mr. Swenson:** — Wouldn't you agree, Minister, with the demise of the Crow subsidy, that the time is now ripe for western Canada in particular, to go looking for opportunities?

I'm wondering where . . . the federal money that's being spent, is any of it being directed at sites in Saskatchewan or at Saskatchewan, or is it a general thing that you have no ability to influence?

Where is that federal study aiming at, if you will? Is it like Cargill coming in with a site-specific plant for the crushing industry? Is there work being done in that regard by the federal government?

**Hon. Mr. Lingenfelter:** — No, the work that's being done at this point in time is not site specific. In fact there is no proponent on the distribution end of the formula at this point in time. And so those companies that are looking at possibly producing pasta, the one most obvious as being the Sask Wheat Pool, have indicated very clearly they're interested in building a plant.

But what everyone is looking at is the possibility of finding a partner on the distribution end. And that's where a lot of the discussion and the debate and consultation is going on. And to this point, it's my understanding that that client or that group who might handle the distribution of the product has not been at this point identified.

**Mr. Swenson:** — Mr. Minister, you have recently made a lot of announcements with sums of money attached to them for various endeavours in our province. And they are very wide ranging. It's been the meat business. It's been various types of manufacturing facilities. Some of it is old loans, as I understand, that have been rejigged.

How much of this — and I'd like you to break it down for me — how much of this is coming out of your department? How much of it is tied to Saskatchewan Opportunities Corporation? And how much are you making announcements on behalf of CIC (Crown Investments Corporation of Saskatchewan)? And I would think of the announcements that you've made over the last month. Can you break that down for me?

**Hon. Mr. Lingenfelter:** — What I want to get for the member . . . You may want to go on to another question. I'll just have my staff work on the list. There have been a number of them. Some we have put money into, some we haven't. For example, Thomson Meats where we went to that expansion, we were there as an invited guest. Northwest Airlines, Athabaska Airways — so a number of them we have put no money into and are just there as facilitators. But what I want to do for you is get you the complete list and then we'll take an opportunity to

run through them all, and you can follow up questions. But if you have something that you want to ask in the meantime, it'll just take a few minutes to put this list together.

**Mr. Swenson:** — That's very good, Minister. That'll give us an opportunity to get into some other things here. And they do tie together.

I noticed in reading the 1994 annual report of SEDCO (Saskatchewan Economic Development Corporation), your comments were that you had achieved this winding-down with, and I quote: no bargain deals or forgiven loans. That was your statement in the thing.

So I'd like you to support this claim for me. And I wonder if you could give me the total outstanding indebtedness, with interest to SEDCO, of your outstanding portfolio as of end of '94 . . . (inaudible interjection) . . . No, SEDCO — and the amounts received or repaid for loans that were paid out or retired? Because I understand that you had a nonproductive loan portfolio worth about \$40 million which was cleaned out in about two to three months. And I'm wondering how this was achieved.

And I think the only way I can understand that is if I . . . given that you said in the annual report that there would be no bargain deals or forgiven loans, so I'm wondering if you could provide for me the total outstanding indebtedness with interest to SEDCO. And then if we know how those loans were repaid or retired, then we'll be able to understand more clearly how that was achieved.

**Hon. Mr. Lingenfelter:** — The member will be interested in this information. Now this is Sask Opportunities Corporation and it goes back to your previous question about what announcements we've made in the last short while.

This isn't exactly the last month, but probably in the last couple of months there have been two announcements made out of SOCO (Saskatchewan Opportunities Corporation). One dealing with the Temple Gardens Spa in Moose Jaw where SOCO invested \$700,000 in shares and purchased \$700,000 worth of the share offering; and in the IMAX announcement on T-Rex, which will be filmed mainly in the Eastend area of Saskatchewan, we have \$550,000 loan — a \$555,000 loan, so that would be the extent of Sask Opportunity's involvement in recent announcements.

As it would relate to SEDCO, what I'm going to do for you is prepare a list of all of the loans and status of those loans. I don't have them with me here tonight. As the chairman will know, those are amounts and questions normally asked in Crown Corporations Committee, but I will provide for you because they are public — the status.

Now understand, and I'm sure you do understand, that I will not give you detail of the loans in terms of interest rates or schedule of payments, but what I can get for you is the names of the companies and the amount of the principal outstanding on the

loan. That information is available and I would undertake to get that for you.

**Mr. Swenson:** — I appreciate that, Minister, and if there are individuals' names in there, I don't need those. You can, as necessary, leave those out. Clearly though, I would like the settlements on loans amounts, conditions, and any alternative payment proposals that were received in there attached to those. Like I say, you can leave people's names out of that, because that's proper.

Minister, I'm wondering if . . . there's a couple of questions I have and I believe that most of this is made public. They were certainly part of announcements that you took part in. Can you tell me if there was an offer received in regards to the Imp-Pak Packaging plant in Swift Current that would have allowed 100 per cent recovery of the money owed to, at that time it would have been SEDCO, I believe. Was there an offer on that?

(2045)

**Hon. Mr. Lingenfelter:** — So the member will be aware, one status of the SEDCO loans is there were a number over the last six months that have been paid out through early retirement of the debt. And in large part that has resulted from the fact that a number of these loans were written up at a relatively high level two, three, and four years ago.

And then as interest rates dropped and many of these projects were on solid footing, they simply went to their regular lending institution and got loans from the banks or credit unions. Because I believe there's no penalty for early pay-out in SEDCO. In fact we encourage people to wind up those loans. We had a large number where we had actual early pay-outs.

The Imp-Pak Packaging deal, I don't have the specifics but let me just try to put it into a general way so you understand the situation. In the early stages we were taking bids on the Imp-Pak Packaging in Swift Current and we received a number of bids and looked at simply taking the highest bid.

The problem with it was, though, we were required to do the financing on the deal. And the security of course was not nearly appropriate for the kind of money that we were being asked to look at, so we would have been back into the same position as we were earlier where the individual was putting up very little, if any, cash and the people of Saskatchewan would have been required to lend the money to the company that was purchasing the assets of Imp-Pak Packaging.

We then went back to ask for cash bids on the project, and at that point the decision was made to go with the somewhat lower amount; but we were out of the deal and did not have to do the financing. And we believe that on behalf of the taxpayers we're probably better served by getting the, something over I believe \$10 million, around \$10 million in cash for the assets of Imp-Pak Packaging, rather than taking something more than that but having to go back in and finance the new arrangement.

**Mr. Swenson:** — The proposal, Minister, did it involve anything beyond the normal commercial lending requirements, the one that would have given you 100 per cent recovery of money over time? Were they asking for something less than the normal commercial structure that SEDCO would have had in place?

**Hon. Mr. Lingenfelter:** — Well just two elements, and here again, I don't want to get into the very specific details. But the analysis on what we would have to finance, it was believed that the corporation restructured would not have been able to carry that debt. There was very little cash being injected into the deal, if any, and the amount being offered would not have covered off the total amount that we had sunk into the deal at that point in time.

**Mr. Swenson:** — So you settled for 40, 50 cents on the dollar, somewhere in that range. Is that the way that I would understand this?

**Hon. Mr. Lingenfelter:** — As I understand it, and I don't have those details here, but it would have been something in the area of 50, a little over 50 cents on the dollar.

**Mr. Swenson:** — And who was the successful bidder on this particular project?

**Hon. Mr. Lingenfelter:** — The name of the company, I believe, is Urban Forest Recyclers, and this is a combination of a number of Saskatchewan companies.

**Mr. Swenson:** — Are these companies publicly traded ones or are these privately held companies? Is it public knowledge who the principals involved in these companies are?

**Hon. Mr. Lingenfelter:** — The name of the three individuals that stand out, and I'll just check and reconfirm this for you if there were others, but the names of Jim Baker, formerly involved with North Canadian Oil here in Regina; a fellow by the name of Kevin Stangland, I believe his name was; and of course Paul Hill.

Now these individuals were all publicly announced at the official opening in Swift Current. And I believe there was a public press release that went out with the details, and I can get that press release for you because the absolute details of that arrangement were public in the announcement when it was made.

**Mr. Swenson:** — Has SEDCO in its wind-down phase, Minister, done any write-offs of loans to viable businesses which are still in operation, and if so, why was there not a full cost-recovery mechanism? . . . (inaudible interjection) . . . Well I'm just asking. Were there any write-offs on loans to businesses that are currently in operation during the last year? And if there were, why was not full cost recovery applied?

**Hon. Mr. Lingenfelter:** — My understanding is, is that we have renegotiated a number of loans. But it's my understanding

also that if the company's still in existence and still productive, that there wouldn't have been loans that would have simply been forgiven or written off. But a number of arrangements where the company was simply unable to survive, given the load, we may have . . . or there could have been negotiations that went on to rearrange their repayment schedules, and that sort of thing. But nothing that wouldn't have been within the parameters and guidelines of SEDCO at that time. And this is not an uncommon banking arrangement where, in order to save some portion of the loan principal, you make some arrangements to get at least a portion of it back.

But I can tell you quite honestly it's my opinion, and I think the hon. member if he has been talking to many of the clients of SEDCO would realize, that we have had very, very stringent — some might argue almost too stringent — control mechanisms on our loan applications. And of course . . . not the applications but on the collection of debt from individuals or companies who have been involved with SEDCO.

But I think it's important again to try to find that balance between being so intent on re-collecting the money that you actually shut companies down and cause a problem for companies that are employing people, and on the other hand, being too lenient and not collecting the proper amount back for the taxpayers whose money it is.

And this is the struggle that I think probably the administration that you represented had in the 1980s. Maybe even more so with the high interest rates that you were involved in at that time, and is also part of the reason why SEDCO got such a black eye, or in fact had such a bad reputation. Because in its day SEDCO made many arrangements with many businesses where the loans were all repaid. In fact many business people . . . and I could bring letters to the House where many business people say they simply wouldn't be in existence today if it hadn't been loans that they received under the Blakeney administration, or in fact under the administration that the Conservatives had in the 1980s.

So far from being an organization that made only bad deals, there were probably many more good deals that were made in the 1970s and '80s than there were bad. But the fact of the matter is that the corporation lost the confidence of the business community of Saskatchewan. And once a lending institution loses confidence of its clients, there really isn't much left to deal with.

**Mr. Swenson:** — Minister, can you tell the Assembly, is the Quill water plant still in operation? Is it a going concern or has it been shut down?

**Hon. Mr. Lingenfelter:** — It's my understanding that that operation is not in production at this time. And I am not quite sure because SEDCO, as you understand, has now moved over to Crown Investments Corporation for the last five months or four months. I've sort of lost track of that project.

But the last time I was in that area of the province, there was no

activity, although from time to time you hear of proponents who have come forward. There was a canola bottling operation that had looked at the plant as a possible site for bottling canola oil. But it's my understanding at this point in time that that plant is still not working.

But there again, there are a couple of excellent potential buildings or facilities in that area that could be used for some company who might come in, maybe to bottle water or maybe to do other processing. But the fact is, when you look around the province today you will find that almost all of those facilities, where they were having trouble possibly in 1990, are now full and actually expanding.

And it has something to do with the economy of western Canada coming out of the recession that hit the economies very hard in Saskatchewan, Manitoba, and Alberta. And the simple fact is that with the recovery of oil and gas, with recovery of machinery manufacturing, many of these smaller companies are now looking to expand. And buildings that exist — and here I refer to the one you mentioned — I find it hard to believe that a building of that quality will go unused for very long before somebody comes up with an imaginative way of finding a use for that building.

So while there was a loss on that operation, still there is a structure there that I think some day someone will use for an economic development project in that area.

**Mr. Swenson:** — Was there a settlement arrived at there, Minister, and could you tell us what that settlement was with the principals involved in that particular operation?

**Hon. Mr. Lingenfelter:** — I can't. I wouldn't mind sitting down with the member and privately going through some information on it, but I really am not able to release details of that kind of settlement. But I would encourage the member to attend possibly with the CEO (chief executive officer) of Sask Opportunities Corporation, or in fact Mr. Mike Fix who runs what's left of SEDCO over in CIC. And we would be more than pleased in discussing the matter with you.

You know how difficult it is to share a paper or documents on confidential files. But on the other hand, in terms of your critic area, I would be pleased to try to explain how that project finally was wound up.

**Mr. Swenson:** — Well I ask the question, Minister, because my understanding is that once a settlement is reached and there is a cash settlement or there's an exchange of property or something like that, those things become public documents because it has been done. And it's very seldom that there's any type of a confidentiality clause attached to a final settlement like that, when the individual either pays it out or there's some type of transfer of titles or documents. Are you telling me that there is a confidentiality clause attached to that particular settlement?

**Hon. Mr. Lingenfelter:** — What I'm telling you is it's the policy of the corporation, or at least was the policy of the

corporation at the time I was the chairman of the board and I would be surprised if, at the time, the former minister, my hon. friend, was involved on the board . . . I don't think at that time the minister was the chairperson but was a member of the board.

But it's my understanding that that policy that we worked under was one that was inherited from your government and probably you inherited it from the Blakeney administration when Norm Vickar and others were ministers during the 1970s when Al Blakeney was premier of the province. It simply is policy, and has been policy long standing, that on settlements like this, they are not made public.

Now one can argue whether that's right or wrong or indifferent, but I would be stepping over my bounds as a former chairman of the board of SEDCO if I was to release that confidential kind of information to the committee.

**Mr. Swenson:** — Thank you, Minister. I'll take you up on your offer. I understand, Minister, that SEDCO still provides administrative services to SOCO. I understand that SOCO's payroll, for instance, is still worked through SEDCO, that there's certain consulting items that are done. Is SEDCO being reimbursed for doing the operations of SOCO in any way, or would these simply show up as further losses on SEDCO's books?

(2100)

**Hon. Mr. Lingenfelter:** — There was a period, the member will recall, that in, I believe, June of last year, about a year ago when we were doing estimates, we indicated that there would be a change in July and then there would be an overlap of a few months where SEDCO and Saskatchewan Opportunities Corporation would both continue to exist and that period basically lasted from July of 1994 to October of 1994.

Now during that period there was some overlap in terms of monies that SEDCO was paying out in order to get Sask Opportunities up and running, and some consulting fees.

But I believe by the end of 1994, there was settlement in full for any of that consulting fee, and SEDCO was repaid in full. So in fact that cost as of July 1, 1994 when Saskatchewan Opportunities came into existence, will all come to the bottom line of Sask Opportunities Corporation. And in fact the books will be absolutely clean and split as of July 1994. So SEDCO will have done some consulting, but we would have paid out of Sask Opportunities a fee for service so that will all have been reimbursed by October of 1994.

**Mr. Swenson:** — I presume, Minister, that there will be an addendum that shows when the transfer took place — that all of those administrative services and the way they are costed over to the Opportunities Corporation then will show up as of October 1994 and it will be in the next annual report.

**Hon. Mr. Lingenfelter:** — If the member . . . well maybe what

I'll do is just mark this up for you. But this is the actual Sask Opportunities Corporation annual report which was tabled in the House about a month ago. But on page 11, under the statement of operations and retained earnings for the five months ending December 31 — that would be July, August, September, October, November, December; it would run for that period — but under the expense side, advertising and promotion, amortization, but the most importantly is consulting and other professional fees, \$144,000. A portion of that would actually be allocated to . . . not all of it, but a portion of that would be allocated to SEDCO. There would be a bit under other administration expenses and I think the other item would be salaries and benefits and possibly some small amount of the \$34,000 of travel.

But what I will do is I'll undertake to send this across to you and then I'll try to get the actual break-out that would have been paid to SEDCO. But it will fall into the items that I've listed out here.

**Mr. Swenson:** — Thank you, Minister. I would like that broken down if at all possible.

Can you tell me . . . There was a recent announcement involving Intercontinental Packers. Did the SEDCO board discuss, approve, or disburse a grant to Intercontinental Packers in 1994? Were there any monies disbursed in 1994 separate from the monies that you just announced the other day?

**Hon. Mr. Lingenfelter:** — I want to say to the chairman again that this is getting us well into the Crown corporation area. But my recollection is, is that there was no grant money in 1994, but I will undertake to go back and review that file and check for sure. But my recollection is, is that there was no money to Intercon during 1994 by way of grant.

**Mr. Swenson:** — Minister, you've stated in previous estimates that you felt that it was inappropriate for either Saskatchewan Opportunities Corporation or SEDCO to be in the property business and that you were winding that down, that those things would be turned over to the Property Management Corporation. I understand that on a couple of issues, though, that that might not necessarily be true. Can you tell me what the involvement has been with the Fort Storage company and the property surrounding it?

And also I understand that there has been some lobbying by individuals for the Saskatchewan Opportunities Corporation to take over Innovation Place in Saskatoon. Can you tell me if that is the case, if the Opportunities Corp is looking at Innovation Place rather than turning that over to the Property Management Corporation?

**Hon. Mr. Lingenfelter:** — Fort Storage, as the member opposite indicates, is a very, very highly environmentally sensitive building unit in Saskatoon. The member will know there were many horror stories about the storage of chemicals in Saskatoon. And as the chemical manufacturing and processing, and more importantly, distribution took place, much of that

initiated to the credit of the former administration — you remember Hoechst being brought to Saskatchewan in a big way — there was a big problem with storage of chemicals. And in many of the warehouses the people in the fire services and police, when there was a disaster in a building, or a fire, simply couldn't find out what was being stored in the building, and from time to time there were chemicals being stored in the same warehouse as food products.

And what the community decided to do, after a lot of consultation, is build warehouses that were completely fitted for the safe storage of chemicals. In order to make that happen, it was a decision made by the board of SEDCO that we would build a building with a lease option to purchase.

And so in that sense we have a project whereby we have built the building with a firm lease with an option to buy. And we are, I think, earning on that investment somewhere around 12 per cent and with a lease that will simply have it paid out, a certain period of time with an option that the individual or the company leasing it can then, for its storage, can then buy the building.

So it really does two things. One, it's an investment that is making good money for the people of Saskatchewan. But secondly, and I think in some ways even more importantly, protecting the environment, the safety of the people in Saskatoon; but not only Saskatoon, but a large area of the province of Saskatchewan.

So on that one, you're right. That is in a different category. Because of the need to build a very complicated and highly sophisticated building in Saskatoon that others weren't stepping up to do the project, we felt it necessary to become involved very quickly because this is something we didn't want to allow a period of time to pass before we started the project.

The other one is Innovation Place. And you're quite right; Innovation Place is in the process of being moved from what was SEDCO. Presently it finds itself over at Crown Investments Corporation. But after a lot of consultation with the university in Saskatoon and the business community in Saskatoon and with agricultural leaders, it has been indicated to us that the best option for Innovation Place, which has been used to lure many, many international companies to the province and to Saskatoon, that this property would be better maintained as part of the ongoing operation of government or governance of Saskatchewan.

Now as it would relate to some 30 other properties that SEDCO had — warehouses, office buildings — all of those have been put on the auction block and are well under way to being sold.

There's two that at the present time are still under the auspices of the Government of Saskatchewan that used to be in SEDCO. One, as you mention, Fort Storage, but there is a lease purchase to buy, so that one probably over the coming years will go to the private sector.

Innovation Place is quite a different category. And to this point in time, I think there's broad consensus that that should remain as part of the mechanism of government because it's used in many, many ways to lure companies from all over the world.

**Mr. Swenson:** — So what you're saying, Minister, is that there was no one in the private sector prepared to do the Fort Storage thing. But if the government put the money up, then there was somebody prepared to do it and that you now have a lease agreement, a lease-to-buy agreement. I'd like, if possible, the . . . because it is commercial you tell me, commercial rates, if we could have the details of that agreement

And can you tell me which agency of government is going to retain Innovation Place? Is it going to be SPMC? Or which agency of government will have jurisdiction over Innovation Place?

**Hon. Mr. Lingenfelter:** — At the present time, there are really two options being considered, and quite honestly it's very close to having a decision made. But the two options are leaving it in CIC under the board of Crown Investments Corporation to be managed from that organization, or moving it to Sask Opportunities Corporation. These are the two options under active consideration, and I think it would be fair to say that probably the stronger preference at this point in time — and maybe I'm expressing some personal bias, but I'll say it anyway — that it would go to Sask Opportunities Corporation.

**Mr. Swenson:** — So in effect what you're telling me is that Sask Opportunities Corporation will be in the property management business even though your stated aim was previously it was one of the knocks on SEDCO. I'll remind you to be very careful with that with your colleague, the Minister of Education. She used to tell me it was similar to the gardens of Versailles, and it was far too opulent for government to be involved in that and that in fact that's some place that government should not be in.

I'm sure that your current head of Saskatchewan Opportunities Corporation would like to ensconced in some of the office space there. It's a very unique setting, but there's a lot of people that don't feel you should be in the property management business, especially with Innovation Place. So I'm wondering, Minister, before you make that decision, if that's not something that shouldn't have a more open debate than perhaps what it's been given so far. I don't agree with the current Minister of Education. I never did. The Innovation Place has performed a very valuable service but I agree with your earlier statements that you probably should not be in the property management business because that puts you in conflict with the private sector. And there's always been a contentious issue in Saskatoon over whether that place should be competing with the private sector in establishing lease rates and building unique kind of space.

So I'm wondering, before that decision is made, if there isn't some opportunity or some way that, because it is a very costly place also, that there be some better way of determining the



outcome rather than the minister's preference to remain in the property management business.

**Hon. Mr. Lingenfelter:** — I really, at least in my mind, I differentiate between property management, so-called, and Innovation Place. I really think there's a difference between owning strip malls or office buildings of the commercial nature and the very highly technical and scientific centre that Innovation Place is.

And you know, but just for the sake of those who may be listening and not understand what Innovation Place is, Innovation Place is really an incubator that takes pure science from the University of Saskatchewan or from corporate research and commercializes it. And so it is looked at by our government not as a typical property management or a typical business property but a scientific property. And a number of very successful research centres like this are located around the world. Innovation Place in Saskatoon is recognized by the United Nations as one of five centres of excellence in the world. And it has happened really as a result of a nurturing not by necessarily by our administration, but certainly has been picking up speed under our administration, but started under Premier Blakeney. The former premier, the hon. member from Estevan, and yourself did a lot of work on that project bringing in some great and well-known companies to do research out of Innovation Place.

(2115)

And I just think because of the very different role that it plays in our province — I'll even put it stronger than that: the very important role it plays in our country — because it really is looked at as a scientific centre for all of Canada as it would relate to ag biotech, that having it lodged in a institution of government seems to make all sorts of sense.

I would agree that when it comes to other properties, business offices, even the head office of SEDCO — which I understand has now been sold or near being sold — that these are areas we shouldn't be into and we shouldn't compete with others who can do that equally as well or maybe even better.

But when it comes to Innovation Place, I really think there is a role to be played by the government in terms of facilitating. As to whether or not it makes money or loses money, I think in the current year . . . Let me go back to last year. It incurred a small loss. But when you look at all the benefits that accrue to the province of Saskatchewan, I think one would consider that a very, very small loss to handle when you look at all the spin-offs that are occurring from Innovation Place.

And the member may also not be aware, but there has been a great deal of consultation with the public in Saskatoon and with the business community as to what we should do. And as I say, there's a general consensus that the government should maintain some involvement in that structure.

**Mr. Swenson:** — Well I'm glad to hear that, Minister, because I

know in my time of responsibility for that particular place, the development community in Saskatoon were less than kind. And in fact one of the individuals who you put on the board of SEDCO shortly after taking over responsibility for that was one of the individuals who was my biggest critic because of Innovation Place and some of the things that were done there.

And I'm glad to see that you've been able to reason with them and have turned this around, that that individual and others no longer are critical of the government . . . (inaudible interjection) . . . I would think more over there, but I'm glad that you've changed that around and that you don't have that concern any more of being in direct conflict with the development community in Saskatoon.

Minister, in regards — I'm curious — to Piper Aircraft, were there any fees or costs, besides the 2 million that you've stated, incurred, particularly in 1994? I'm curious. Were there any costs related to the Piper bid and a reopening of discussions in 1994 with that particular entity?

**Hon. Mr. Lingenfelter:** — No, it's my understanding that there were no costs incurred in SEDCO in 1994. I remind the member that this is really well into Crown corporations, but my understanding is . . . and I will make the commitment to go and check with the CEO who was managing it during 1994, Mr. Mike Fix, to find out for sure; but it's my understanding that there was no cost involved.

Just for the member, I was reading an article the other day in an aircraft magazine that indicated that Piper is in fact doing very well, employing about 400 people, and has come not out of receivership but under chapter 11 which provides for companies to work while in receivership . . . is actually doing very well, and while not paying off its loans, is actually generating a fair bit of profit at the present time.

**Mr. Swenson:** — Minister, I'm sorry, you mistook me. I didn't necessarily say SEDCO. I just asked in your role as Economic Development minister, were there any further discussions involving cost with the Piper deal in 1994?

**Hon. Mr. Lingenfelter:** — No, there was nothing in Economic Development, but I will go back and check for sure at SEDCO. My understanding is that there was no money. I'd just remind the member as well that it wasn't \$2 million that was spent on that project. I believe the consulting and work that was done on that project was about 600,000.

**Mr. Swenson:** — I wonder if you could provide for me the salary ranges of the senior management at both the Saskatchewan Opportunities Corporation and SEDCO and particularly the salary of Mr. Douglas when he was at SEDCO and also at the Saskatchewan Opportunities Corporation. Some people feel that the salaries at Saskatchewan Opportunities Corporation, by and large, when you take the senior management, are quite a bit higher than they would have been at SEDCO. And I'm wondering what those salary ranges are and why there might be this discrepancy in size for the similar

type of a portfolio.

**Hon. Mr. Lingenfelter:** — As you know, when we came into government, we made it, in our attempt to open government up, that the employment contracts of our minister, deputy ministers, and CEOs of Crown corporations, are public. And the member will know that he could pick up I think actual copies of those contracts. They're filed with Executive Council. I can get you those. I can get those for the member. But these are public documents and are filed on a regular basis.

The salary of Mr. Douglas at SEDCO and in the new role as CEO of Saskatchewan Opportunities Corporation will be public. Just so you know, there is I believe a classification for sizes of our Crown corporations, depending on the involvement and size and complication of the various Crown corporations. Sask Opportunities would fit somewhere into that grid or scale that is involved. My understanding that the review of that salary scale is a very open process and one that I think the member would be fairly satisfied is fair and equitable.

And if anything, at some point in time you run headlong into, with an economy that's growing rapidly in western Canada — Alberta and Saskatchewan being the two fastest economies, as the member knows, in the last two years — that attracting people to the Crowns at the level of remuneration that we have at the present time becomes more of a problem than actually . . . and having people moving to the private sector is one of the big problems we have in our government at the present time.

When you look, for example, in the oil industry, the competence of people who work as deputy ministers in our government and have an experience — I might add — as deputy ministers of Energy and Mines and the possibilities they would have in the private sector, some of the numbers even for VPs (vice-president) or directors of companies in the oil or pipeline industry would be three or four times what they would get in the public sector here in Saskatchewan.

**Mr. Swenson:** — Well maybe this next question will help us answer the fairness question. You indicated to me that Saskatchewan Opportunities Corporation has only done two endeavours. There is the Temple Gardens Spa and the IMAX project for a total of about one million two.

Could you tell me, in the same period of time, how many deals SEDCO has done? What the dollar amount would be, just the gross dollar amount? And how many employees do you have in each of the two corporations, Saskatchewan Opportunities Corporation, and SEDCO currently before its wound down?

Can you give me a salary comparison and also give me a volume of dollars on deals that they've done, and also we can compare the salaries of the two organizations.

**Hon. Mr. Lingenfelter:** — The member will know that when we moved from SEDCO to Sask Opportunities Corporation, the structure of the new corporation is fundamentally different. And there were those who said, well all you're really doing is

changing the name, and then basically you'll keep doing the same things as you were before.

But nothing could be further from the truth. SEDCO was involved in many Main Street investments, competing with other private sector investors, whether it was restaurants or laundromats or car washes. They did some big projects but there were many, many small endeavours — motels, hotels, that kind of thing. We have ceased to be involved in lending money or taking equity or being involved in those Main Street competitive operations.

Saskatchewan Opportunities Corporation is really an entity that is meant to — I'll use the Temple Gardens Mineral Spa as an example — be involved in community projects and to help finish off deals. In the case of the spa in Moose Jaw, I believe — what, a \$5.9 million project? . . . (inaudible interjection) . . . \$6.9 million project — our involvement through Sask Opportunities Corporation was one of a great deal of facilitation working with the community, not as a lender but as an aid in assistance, advising them in a financial way, and at the end of the day buying \$700,000 in shares.

We expect and had planned and announced, when we announced Sask Opportunities Corporation, that over a year we would endeavour to keep the number of projects that we're involved in around 20 — two or three a month. And at this point in time, I think, while we're still in the start-up mode, our expectations of doing two or three of these kind of projects a month — where you talk about 40 or 50 jobs being created at the spa in Moose Jaw, the IMAX film which will employ a number of people this summer in Eastend and Regina, invest \$8 million, or a portion of \$8 million, in our community — you then begin to see the kind of role that . . . these projects probably wouldn't be completed without the assistance and the facilitation of an organization like SOCO.

And so I would argue that the importance of SEDCO or Saskatchewan Opportunities Corporation, that in the long run whether or not you have an organization that goes out and helps someone finance another motel or another fast food store in one of our communities, that if those communities need somebody to do that and there's a demand for the product, that's going to happen. And for my money, I would much, much rather be paying a CEO to do 20 projects that are well-based financially, community oriented, and have good community support, than the role SEDCO was playing previously.

And of course these are subjective decisions, and the member may have a different view on this, but it's my view up to this stage — and this company is very, very new and very, very young with not a lot of experience — but I would assume that if we are to do 20 to 30 projects a year on average, that this would be a mandate that would be well worth keeping within the auspices of the Government of Saskatchewan.

**Mr. Swenson:** — Well, Minister, we're here doing estimates and trying to determine whether we're getting value for our buck for the taxpayers of the province. And you've been in

operation with the Opportunities Corporation for just about a year and you've done two deals worth just a little over a million dollars.

So I ask the question: would you tell me how many deals SEDCO did in the same amount of time? Would you give me the staffing component size of both organizations and the total salary components of the two organizations, so I as a critic of Economic Development opportunities, can make that comparison?

I think that would be fair of you to give me that year to year, the two of them side by side, equivalent numbers of staff or whatever, and let the taxpayers make some determination about what they're doing as far as . . . I think that would be appropriate.

**Hon. Mr. Lingenfelter:** — Well I think the member's exactly right and just so we get into perspective how many people were working at SEDCO versus how many are working at Sask Opportunities Corporation, I remind the member again of the role that SEDCO was playing.

There were 85 people working in SEDCO . . .

**An Hon. Member:** — Not in the last year.

(2130)

**Hon. Mr. Lingenfelter:** — No, but when it was working at its peak. And they were doing, I would say, many projects that simply would have happened whether SEDCO was there or not. Many of the projects that they were doing, probably at the end of the day, shouldn't have been done because they added a layer of competition that simply made it unviable for other private sector people to exist on Main Street.

By comparison, the number of people at Sask Opportunities Corporation is 18 and this is intended to be an organization . . . and I don't want to put too much of a restriction on my management, but if the staff complement gets much over 20 there, you'll find that we will be watching that very closely. But I can tell you that this is a very, very lean operation as compared to SEDCO.

Also the fact that SEDCO owned an office building that housed the 85 people, we now have much more modest rental space that we operate out of. But the projects that we're doing, I think it's fundamental to know that I think we've committed to three projects and have five that have been confirmed for a total of eight to this point in time.

We really got up and going, I believe, in October of last year. I mentioned to the member we're trying to do between 20 and 30 a year. I think if we're to accomplish that with 18 — 15, 18 — people, we will be serving the public well and be doing it at a cost that will be well within the realm of good economics when it comes to the number of jobs that are being created.

And also I just mention to the member, this is not a normal lending institution. There's a great deal of facilitation that goes on here of working with other lending institutions. Some of the people that come in, we actually work with them with other banks or credit unions and they end up getting their money that they had to that point been unable to get through the regular lending institutions.

The other thing that the member should know is that it's our intent to move people in, get them set up, and then get out of those businesses as quickly as we can so that we don't have to keep coming back to the treasury for more money. And this is a big change from SEDCO as well. We don't intend to have any of our positions for a long period of time.

**Mr. Swenson:** — Okay, thank you, Minister. I've heard that story before. But anyway, you still haven't answered my question.

I would like the comparison from July of last year to date; number of deals done by the Opportunities Corporation; number of deals done by SEDCO. And I understand they're still doing deals . . . well till very recently they were. Number of employees, which I believe is around 34, 35, something like that; and the number of employees in the Opportunities Corporation; and a salary comparison, senior management to senior management and then on down the ladder; and total monies that the two organizations have placed; and the opportunities that they've each been engaged in over that period of time and that's . . . Have I got your commitment that you'll send that across?

**Hon. Mr. Lingenfelter:** — I will get it for you. But it's my understanding, like in the last six months, there have been no deals — so-called new deals — made by SEDCO. And so you might argue that, well, you shouldn't have any staff because you're not doing any new deals and that because Sask Opportunity is doing more new deals, they should have more staff. But it's very, very much more complicated than that as you would know because the SEDCO files still exist and still has to be managed because there's a great deal of money out on loan.

And what you may be referring to is a number of restructuring of loans that are going on in SEDCO and have gone on in the last year and will continue to go on. But I believe in the last six months, SEDCO has not been in the business of making new deals and so as that corporation winds down, what the 35 and reducing employees are doing in that operation are managing an existing portfolio. On the other hand, you have Sask Opportunities in a very different position of not managing a big portfolio but going out and finding new business and wrapping up.

So I will get the numbers for the member, but remember — and I'm sure the hon. member will — that these are two corporations that simply can't just be simply stacked up one against the other in terms of how many projects they've done in the last six months or last year because one has a fairly

substantial portfolio to manage, and the other one is out looking and working with communities to do business.

**Mr. Swenson:** — Well ultimately, Minister, when you get those numbers then, I guess, people will start to make value judgements as to whether it is money well spent or not well spent. And if we don't have the information it's very difficult for us to judge one way or the other whether you're spending that money in a wise way or not. And I simply ask these questions because I need to make comparisons and I need to have answers for people in the business community who ask me questions about what people are doing in various organizations around government.

Minister, I'm wondering if you can tell us . . . there's been a concerted effort, I think, by all governments to lower trade barriers, but you made an announcement concerning both the beef and pork industry the other day, and you said that we had to do this because Alberta has spent a lot of money in the meat business over the years. And that's certainly a well-known given. It was present in the Blakeney administration, it was present in the administration I served in, and there's not a whole lot new out there.

Can you tell me what efforts are being made — and you're the trade minister — what efforts are being made to do away with the interprovincial trade barrier problem that has existed in Canada. And are we going to see the day come when the market will determine whether Saskatchewan or Alberta or someone else should be putting money into the meat packing business? Perhaps we'd be better off developing our feeding industry rather than doing something that private enterprise seems to do very well in most parts of the world.

**Hon. Mr. Lingenfelter:** — Well the member will know that the ongoing debate on interprovincial trade barriers has been going on for some time, and we have been very much involved with the previous administration at the federal level, with your friend and my friend, Michael Wilson, very many meetings. And I think in fairness, Mr. Wilson did an excellent job and a very good job getting the provinces to finally sit down and start looking at a document that became the basis then of — when the Liberals were elected and the project continued on by Mr. Manley — of actually leading to a signing of an agreement with all the ministers of trade and all the premiers actually at a function with the Prime Minister where we signed the document to set out the strategy for the removal of barriers between provinces.

This is never going to be easy and I think is going to be very difficult to achieve. And you'll know of the debate of the call centre, for example, recently going to New Brunswick where British Columbia and a number of other provinces accused New Brunswick of using taxpayers' money to lure jobs from another province.

You'll also know that we become concerned when the Alberta government puts hundreds of millions of dollars into the meat processing and slaughtering and packing plants because it

makes it very difficult for other provinces not to use taxpayers' money to try to compete and keep a strategic industry in our province.

But having said that, I think it's fair to say that the barriers are being removed. And as well, I think we do have quite a strong relationship between our neighbours, especially in Manitoba and Alberta, although there are difficulties, and you'll hear small skirmishes. We do not see the kind of problems that exist, for example, between Ontario and Quebec or — let's say — between Ontario and British Columbia as it would relate to wine and the complication of trying to put up barriers as it would relate to the movement of some of those products.

I think that what we're targeting for, at least in western Canada, is some sort of a pan-western strategy on trade barriers that would make it much more logical to do one industry in one area and do something that would not compete directly in another.

And for example on the ag biotech, I think it's becoming an understanding that Saskatoon is western Canada's centre for ag biotech. While we are struggling to build an oil industry of head offices in Regina, I think it's hard to believe that Calgary is going to not be the centre for oil companies in the foreseeable future. And these are not all bad, that you would have some sort of a general agreement of where economic development would take place and you wouldn't be competing with taxpayers' money for every project.

But when it comes to the beef and red meat industry I think Saskatchewan is not going to easily give up that ground to anyone. And the industry is telling us we should be in there scrapping to build a much bigger infrastructure for the production and processing of beef and pork.

We have companies that are on the leading edge technology as it would relate to shelf life for beef products. Thomson Meats, for example, is now exporting probably 30 per cent of their production directly into one of the biggest co-ops in the world in Japan. And their product is growing by leaps and bounds within that market.

Our pork is going in, for example, to the tourism market in Cuba. The numbers that I was told for the year 1993, that 70 per cent of all the pork used in Cuba tourism industry came from the province of Saskatchewan. And so we are going to be hard-pressed to be talked out of not going after that market as aggressively as we can.

Now as it would relate to the kill plants, as it would work with Intercon, and the reason that we were so aggressive and wanted to be so involved, is because the bottleneck in that process, as you well know, was the actual slaughtering and being involved with a plant that could be capable of competing with Alberta and Ontario.

And we basically had the choice of allowing our industry to shut down or do a deal that would see that presence maintained and to grow. And some will argue and have argued that this is a

bad strategy. But I can tell you, talking to the stock growers in Saskatchewan and the Saskatchewan pork industry, that they are very, very pleased with the announcement that we are supporting that industry.

And I say again, it's my preference in the long haul that governments would get out of subsidizing. But on the other hand, being absolutely out of subsidizing in the light of the fact that your neighbours are supporting their industry, it makes it very, very difficult. And so for a very small amount of money I think we've been able to keep our position as processors and slaughterers of pork and beef. And actually when we look at our industry, it's going to be as strong as anywhere else in Canada.

**Mr. Swenson:** — Well the problem that a lot of us have, Minister, is that this particular operation seems to know how to play government very well. I mean that plant's been bought and sold back and loaned to, and every stripe of government has done it. I don't point fingers at anybody, but this has been an ongoing saga of getting into the taxpayers' pocket whenever the opportunity comes along.

I'm wondering . . . I'm curious because the labour strike in Moose Jaw had that plant shut down for a goodly long time, and when that plant reopened again it was considered that it would probably take two years at the minimum in order to regain market share; that they'd have to start real small with one shift and eventually work up. Because that plant was modernized extensively just prior to the labour shut-down.

Was there any predication of, settle your labour strife, because it's one and the same company, and we're prepared to put some money into your operation. Was there any of those discussions involved at all? All of a sudden we're now putting two and a half million bucks into that beef kill facility when the management was saying it was going to take a couple of years to regain market share.

**Hon. Mr. Lingenfelter:** — No, there was no linkage between settlement of the strike and the expansion. The fact is that Saskatchewan red meat is in great demand, not only in Canada and North America, but really in a number of places in the world. And a lot of the processors and plants in Saskatchewan are gearing up very, very rapidly to meet that demand.

And I say again, Thompson Meats for example, is doubling their capacity and it's based on contracts in Japan and potential contracts in Korea. Drake Meats are growing by leaps and bounds; Harvest Meats. And so this is not a phenomena that is linked only to Intercon, but a number of the processors are involved in as well.

(2145)

What is different about Intercon is their capability to slaughter animals, which is not done at the other processing plants. And this has always been the dilemma for our province is to maintain that as a viable operation. If you don't have it, then of

course you know the problem. Your feedlots and hog barns have to ship their product to some slaughterhouse outside of the province. And then if you're going to have a processing plant in the province, all that product has to be shipped back in again.

And the bottleneck has been . . . and the reason as you say, there's always been some facilitation by government, is because that is the Achilles' heel of the industry. And I believe in part is the Achilles' heel because they are competing with the government to the west of us that doesn't put money in by \$5 million quadrants, but puts it in by hundred million dollar subsidies. And I wish it weren't so. My preference would be that that bottleneck weren't there and we did have a level playing-field on that area of slaughter in western Canada.

But the fact is we have a neighbour to the west of us that strategically . . . I'm not even here being critical; I just wish it weren't that way. I wish they weren't putting hundreds of millions of taxpayers' dollars into that industry.

But we really have a choice. Do we want to maintain that industry or do we want to ship all our product to Alberta or Ontario. I can almost guarantee you that once we ship it out for slaughter, it simply is not economically viable to bring it back in and then ship it back out again to Japan. What would happen if the slaughtering doesn't occur in Saskatchewan, is the processing also would disappear from Saskatchewan, and along with it, hundreds of jobs. And I wish there were a better way.

But to this point in time, Blakeney's government, your government, our government, have seen fit to maintain the integrity of that industry, and in order to do that we have found it necessary to support that middle bottleneck, which is the slaughtering area.

And I've talked to Lorne and Rusty Thomson about this in advance of the announcement on Intercon so that they would be aware of what was going on and why we were doing it. I think there's a general understanding within the industry — within the pork producers, within the beef producers, within the processing. They understand why we're doing it.

Where it's more difficult of course are industries where we are not putting in that kind of grant money. Gerry Bourgault, for example, I intend to phone him and talk to him about it, because Gerry's out there investing his own money, and I'm sure he says, how does this work that I'm over here doing my thing and there's no government support?

But yet here it's happening. But the reason of course is because strategically it's a different industry and we're competing with a neighbour who is dumping large subsidies.

The other thing of course that is causing this to grow in magnitude is the dismantling of the Crow benefit. And if we're going to have a farm community that survives in the long run, far from winding down beef and pork production, we're going to be forced in many ways . . . especially in that belt in the northern part of the province where frost is prevalent, we're

going to have to be feeding much more of our feed grains in Saskatchewan.

So this would seem to us a very, very strange time to allow the slaughter industry to wind down and move out of the province simply because we didn't make a strategic decision to be involved in that area.

**Mr. Swenson:** — Well that's my point, Minister. It seems like a very, very strange time for this particular announcement, when the management of the facility was making public announcements about taking a couple of years to get market share back; the plant had not gone beyond a single shift yet. And I've been in that plant when it was running a double shift. So you could run about 660 head a shift through there; two shifts you're over 1,200 a day. I mean they are nowhere close to having the ability to even buy that kind of stuff yet.

All of a sudden, the government's got two and a half million bucks just before a provincial election is called, with jobs and a major beef kill expansion, when the plant is nowhere near capability. I mean they've got to go out and buy just to get their existing workers back on, which hasn't happened yet. And why it was necessary for the government to come in with, not loans but grant money all of a sudden now, in May of 1995, when that plant isn't even beginning to reach its potential as it already exists.

What necessitated this announcement now, say, rather than a year from now?

**Hon. Mr. Lingenfelter:** — This project has been in discussion and negotiation for some time. And if the member really believes that you can make deals, for example with Canadian Pacific, which we announced in Moose Jaw recently, the double-tracking of their track from Moose Jaw to Pasqua, or if you can get the community of Moose Jaw to announce their spa, when you have literally thousands of people investing . . . last week that their announcement is somehow hinged to the potential of an election in the province.

Or even more absurd that Canadian Imperial Bank of Commerce, that donates big money as I understand it, to the federal Conservative Party and the federal Liberal Party, that somehow they are hand in hand with the New Democrats in Saskatchewan to help us win an election with their recent announcement of a call centre. I mean more power to us, I guess. But the chairman of the board at CIBC (Canadian Imperial Bank of Commerce) would smile, I think, if somebody made the accusation that they were out there getting Bob Rae and Roy Romanow re-elected. It just isn't so.

Ed Dodge, who made the announcement recently in Moose Jaw of the expansion of CP's (Canadian Pacific) locomotive repair centre in Moose Jaw, it isn't part of anyone's election plan, nor is the Intercon announcement.

The Intercon announcement is part of a strategy to shore up the beef industry and the pork industry in the province — nothing

more and nothing less. But it has been my contention from day one in Economic Development, that the way you could possibly win re-election in Saskatchewan — if the economy is working; you don't have to run a lot of ads, you don't have to give a lot of speeches. If the unemployment rate is low, people are making money, you'll get re-elected. So if your contention is that because the economy is going, we're going to get re-elected, with that I would agree.

But if you're saying here that we somehow have the IMAX people out of New York in tune to our election strategy, CIBC (Canadian Imperial Bank of Commerce) and CPR (Canadian Pacific Railway), Intercon, and Northwest Airlines and Jim Glass, and Lorne and Rusty Thomson and the good people of Drake and Cargill and the Royal Bank — if all these people are campaigning for the re-election of the New Democratic Party, either we're doing one heck of a job or the politics of Canada have changed very seriously in the past couple of months.

I'll say again, the announcement of Intercon had nothing to do with anyone's election plans. In fact as these negotiations were going forward with the department officials, all of time indications were to them and to the Mitchells that the election was going to be in 1996.

This announcement is completed now. It should be announced because this is the appropriate time to do the expansion, based on the international markets for beef and pork.

I'll say again that we will . . . if we are re-elected, and if there is an election in the near future, you can be almost guaranteed that the announcements' intensity will increase in the next six months even from where it is at today. I can guarantee you that. The reason being that the economy of Saskatchewan is moving so quickly and the growth rate at 4.6 per cent last year and 4.2 the year before, second and third highest in all of Canada, is the reason we're making announcements.

You can't make announcements if there's no announcements to make. The fact is is that there are many, many announcements that are going to be made in the next six months and if I look at the last six months and the ones that are on the drawing board for the next six months, whether the Premier calls an election or not there are going to be many, many announcements.

This is not a structure where we make a bunch of announcements before the election and then there's not going to be anything. The reason that we're being invited out to Thomson Meats and Drake Meats and out to a large number of projects is because the economy is booming. Now you can say that the economy is booming so we can have an election, but that simply is not the way this operation works.

And I say to the member opposite that while the election in 1991 didn't go the way they wanted to — some say it's because of this or it's because of GigaText — the reason that I believe the election was lost in '91 is because the economy was in a downturn. That's why. Now other things mitigated and assisted the demise of the previous administration, but I'm of the firm

belief that if the economy is going, then governments win elections.

And this is what amazes me a little bit about the opposition parties, and not tell you how to run your election, but I think you're on all the wrong issues. You can go out and argue that health boards should be elected or not elected, till the cows come home. That is not going to be what attracts people to a political party or political movement. The issues of course are jobs, economy, debt — and I suppose wisely for the Leader of the Opposition Party — taxation. Because he has picked an issue that is important to the people of Saskatchewan.

But for the life of me, I can't figure out what the Liberal Party, who I think many people had expected to do well in this election, are planning their election around because they're not speaking to any of the issues. VLTs (video lottery terminals), gambling, whether or not there's a casino in Regina — you can campaign on that if you want but I can guarantee you that is not where the public mind is at today. It's on the economy of the province, and the economy of the province is pretty good at the present time.

**Mr. Swenson:** — Well that was an interesting dissertation, Minister. I'm not sure what it's got to do with your estimates, but anyway it . . .

**An Hon. Member:** — It was interesting though, wasn't it.

**Mr. Swenson:** — You're absolutely right. A lot of what takes place in this province has very little to do with your government or anybody else's government. It's the events that happen, and thank goodness that things like free trade came along and other issues that simply took out of the hands of provincial governments the ability to mess around in the market-place.

A lot of the things that are happening are because we now have a free-trade corridor right from South America to North America and that's why the Soo line has to be double-tracked. I mean it had nothing to do with any provincial government; it's a necessity of life. You can't move potash and grain south and other products unless you've got more trackage and that line . . . I just wish some other people would get out of the road so we could run some more stuff down there. I'd like to use the barge system on the Mississippi rather than having to run everything on a rail to some port thousands of miles away. It doesn't make any sense and I'm glad the minister agrees.

But I do say to you, Minister, I am terribly curious; you put five and a half million bucks into that operation after you came to power in 1992, meat plant in Moose Jaw; thing went down on a strike for just about two years. People have said . . . and I do know the cattle business a little bit. I was chasing 26 of them around most of yesterday morning.

But it . . . you do not move back in and get your supply, number one, your trained workers on your shifts in a place like that. And I don't know if you've ever been on a kill floor; it's

hard work. It's not a nice environment and the kind of people that you've got to have on a kill floor to get the numbers through, especially when you go to double-shifting, it takes a lot of management. That isn't going to happen in that plant for months and months and probably years because you have to reacquire a lot of skills, you've got to find your market niches, and you've got to, number one, buy the cattle somewhere.

(2200)

A lot of that stuff's been going into Alberta and all of a sudden you've got another two and a half million bucks in a grant — not a loan or anything else — it's a grant, okay, tied to jobs. And it's out there just before an election campaign and I just find it a little strange that we would want to upfront some money on something that's going to be a long, long ways down the road.

And yes, there are markets and yes, our beef is good, but for the life of me I don't know how you could in all good conscience put up that much taxpayers' money this quickly after that plant got re-going again. I mean they've got some wounds to heal around there on that kill floor between the union and management for one thing . . . that aren't entirely happy. All you have to do is walk around Moose Jaw, and you'll know that. That isn't a happy situation yet.

So you can give me a song and dance about the growth of the meat industry offshore, but I wonder what the urgency was to put all of that money up front on a plant that's months and perhaps years away from coming anywhere close to its potential. You still haven't told me. Have they got a bunch of new markets?

Have we got 500 tons of beef earmarked for some place that they're going to ratchet that kill floor up? And if they are, where are they going to access the meat from? Are they taking it away from BP in southern Alberta? Are they taking it away from Cargill? Where are they going to get the fat cattle from to put that extra shift on in that plant without even expanding the thing? You haven't answered any of those questions, and I think you owe it to the taxpayers of this province to answer those questions before you give that money away.

**Hon. Mr. Lingenfelter:** — Well the member makes a good point because there won't be any money given away unless they do that. And just so you know how the deal is structured . . . and there is some misinformation around, and I don't accuse the members opposite of the misinformation. But the fact is that unless the jobs are created and the ramping up does occur, not a cent of money is paid out because the money is only paid out as the jobs are brought on stream, and the jobs have to be for three years.

And if you think about it for a moment, these are jobs, as you say, that are not low paying jobs. They're 30, 40,000 a year. If you think about the tax alone that an individual would pay in a year on a \$40,000 salary, you recoup that in a year. And these jobs are . . .

**An Hon. Member:** — We used to do that on 7,500 bucks a job . . .

**Hon. Mr. Lingenfelter:** — No, but my point is that you see that your concern about whether they ramp up or not is a legitimate one. But it isn't on whether or not the money is paid out because the money won't be paid out unless they wrap them up because this is not a grant. And some people argue, well a forgivable loan is a grant. It's not because it's tied to the jobs. We're not just giving out the money. We're only giving the money to the company if the jobs are created and they're maintained for three years, and this is a fundamental, important difference.

The other thing the member will know is that companies like Intercon are having difficulty in getting workers. We're having difficulty getting workers at the farm gate this year, and there have been a number of stories about large numbers of people coming from the Maritimes to work on the farms in Saskatchewan because those people who have been working at the farm gate have moved into higher paying jobs in manufacturing, full-time jobs in Flexi-coil, places like that, and there's a bit of a dilemma in rural Saskatchewan that will escalate if these job numbers stay at 9, 10,000 year over year, which they have for December, January, February, March, and April.

And in large part we now see the need to bring people in from other parts of Canada. And while it's a problem, it's a nice problem because it doesn't happen that often in Saskatchewan. It happens from time to time. It happened during the mid 1970s when the economy was doing better, and it's happening again now. And the population numbers are showing that, that we've had population growth in the province of Saskatchewan now for nine consecutive quarters.

And so when Intercon and Western Canadian Beef start their hiring, there will be more jobs, particularly for young people. But to allay your concern about this money being paid out and then the company not wrapping up or not creating the jobs, it's not happening that way because the money isn't paid out unless the jobs are created.

**Mr. Swenson:** — What are the conditions attached to the five and a half million dollars you put out in 1992? That existing loan, I understand, was for plant improvements. Can you tell me what the conditions are around that money that was already laid out for that plant.

**Hon. Mr. Lingenfelter:** — Yes, the arrangement that I understand — it took place in early 1992 — and it was \$4 million in preferred shares. And that was the way the deal was structured at that time.

**Mr. Swenson:** — So preferred shares; the Government of Saskatchewan participates what, in any profit that the operation may generate? Or are we in a position of simply holding some equity that down the road at some point in time the company buys out. What's the performance tied to the shares, if you will?

**Hon. Mr. Lingenfelter:** — Because they're preferred shares they have an automatic and guaranteed rate of return. I can't get for you right now that rate of return, but it's a guaranteed rate of return.

**Mr. Swenson:** — Was that rate of return guaranteed all through the time that the plant was down with the strike? Was the government receiving any remuneration at all during the time that that plant was basically shut down?

**Hon. Mr. Lingenfelter:** — Here again the member will know that I can give out the amount of the shares and the fact that they were preferred shares. But like loans with SEDCO, while we give out the amount, we don't go into the detail of the actual interest rates. Here again I wouldn't mind having a discussion with the member about this program, but it just is the policy that we not go further in giving out details on the preferred shares. But fair to say that the rates are guaranteed and were in good standing during that period.

**Mr. Swenson:** — Minister, I don't need to know what the interest rate is. I just wanted to know if the government was being paid the whole time that that plant was shut down. And you're telling me that it was in good standing, so I'm assuming from your comment that there was a continuous money flow on those preferred shares, whether that plant was up or not.

**Hon. Mr. Lingenfelter:** — What I just prefer to do with the member is I will undertake to talk privately about it. Because once I get into it, it just discloses parts of a deal that I don't have the authority to release. But I wouldn't mind talking to you about how those shares were structured.

**Mr. Swenson:** — Well I can appreciate your difficulty, Minister, but I'm just trying to determine here whether the taxpayers are getting a good deal. You've got \$4 million, you tell me, in preferred shares . . .

**The Chair:** — Order, order. I want to bring the attention of the members to article 336 of Beauchesne's, which states in part:

. . . Speakers have also consistently attempted to discourage loud private conversations in the Chamber, and have urged those wishing to carry on such exchanges to do so outside the House.

I say that for the edification of all members.

**Mr. Swenson:** — Thank you, Mr. Chairman. What we're trying to determine here is if we've got an appropriate deal going for the taxpayers of this province. You've already got \$4 million in shares in this plant over the last three and a half years. We're now going to put another two and a half million in, plus another two and a half, as I understand it, in Saskatoon, all with the same family, and most of which you can't talk about because of confidentiality. And yet we don't necessarily see performance right off the bat.

I mean I can understand the ministers want to go out and buy some jobs to try and get yourself back up to the job numbers



that were in place in 1991 when you took office. But is it appropriate for the government to invest shares plus a whole of bunch of incentive capital into a company in order to do that when that company has to live by the dictates of the market-place which are based on supply and demand, being able to buy the product to put into the plant before you can kick it out the other end?

And that is causing a lot of questions, Minister. And I took the opportunity to do some phoning around cattle country before raising these because I didn't want to act foolish or be looking silly, but there are a lot of people questioning sort of this chronological process that you've put in place over the last three and a half years really with this operation; and are prepared to pump a lot more sunshine into it in the hopes of creating some jobs when you have no indication at all that the end product has a home or that the company has the resources to define and build those market-places within this three-year span.

And yet the company seems quite prepared to pay you, on a preferred share basis, a continuous flow of money even though the plant was shut down for two and a half years — two years.

And I find it kind of mystifying that if they have that kind of capital available to them that they needed more capital from you to do some things that obviously are way off in the future. And the whole thing just seems to ring kind of hollow.

If they'd gone out and got 2 per cent of the Korean market or something, I could understand your urgency. But that isn't the case. It simply isn't the case. So I think you need to explain this in a little more detail so that people in the province clearly understand what you're up to.

**Hon. Mr. Lingenfelter:** — I say again to the member opposite that . . . and I'm just going to take him through some of the announcements we've made so that . . . just to bring the committee up to speed and then I will respond to his other query.

The projects that we've announced — I have here a list of I understand about 20 projects since the first of the year. There's Thomson Meats, there was no money put in by the government; the Northwest Airlines, we were invited to their announcement; of course we didn't put anything into that. Athabaska airlines, their link into the United States, and our member from Prince Albert went on the inaugural flight on that today, although I did attend the announcement. Flexi-coil announcement, there was no government money involved in that project.

The Cargill crushing plant, \$3.9 million, but of course that is less than the 4.9, as I understand it, they would have got if they would have taken their tax reduction option.

(2215)

Microgro, no money from the government; Twin-Pak, \$200,000; Intercon and Western Canadian Beef, which we've been discussing here, 5 million; CIBC call centre, no money

involved in that but possibly some job training — and that hasn't been announced yet; Canadian Cancer Society, no money; the PAMI (Prairie Agricultural Machinery Institute) load cell at Humboldt, I believe it's at Humboldt, 175,000; Hitachi announcement of their next expansion, \$200,000; Pelorus, the navigational aids system that was announced by that company, no direct government money but Highways has agreed to purchase some of the equipment that would flow from that — no money from Sask Economic Development. The T-Rex IMAX, as I mentioned, SOCO has \$550,000, and I believe Saskatchewan Economic Development, 100,000.

We have had a number of regional economic development authority announcements. Massload Technologies did an announcement. There is some small amount of marketing involved in that.

Big Quill expansion, there was no government money; Brandt Industries, no government money; the spa in Moose Jaw, 100,000 for studies from the department and Saskatchewan Opportunities Corporation bought \$700,000 in shares. The CP expansion at Moose Jaw, we put no money into that; and Weyerhaeuser, we put no money into that project. CIBC, the 500 jobs at the call centre here in Regina, there will be some job training money on that, and that's the list since January 1.

As it would relate to the one item that is mentioned in here, and that is Intercon, the \$5 million for the 400 new jobs — which will be in addition to, I believe, the 1,100 which are now employed, in addition to the 1,100 now employed by Intercon and Western Canadian Beef — which will bring that total complement to 1,500 jobs. It was seen that, I say again, with a factor of 3.5 in terms of spin-off jobs, you're talking about an industry that directly, with the spin-off jobs, creates close to 6,000 jobs in the province of Saskatchewan.

The industry, the Saskatchewan Stock Growers Association as well as the pork producers, say this is an integral part of maintaining not only those 1,600 jobs spin-off within the outgoing area of the economy, but also in the feedlots and at the farm gate; that this is just a deal that had to be done.

I say again that if the jobs aren't created, the money doesn't flow from the government, and so the risk is minimal. Either the jobs are created or no money flows.

Now you say, does the company know what it's doing and are the markets there? That is, by all the analysis that was done by the company, both Western Canadian Beef and the Intercon in Saskatoon, which is mainly pork, that in fact the market is there and is growing very, very rapidly as a result of new export markets.

**Mr. Swenson:** — So your anticipation is, Minister, then, that the preferred shares that you have in Western Canadian Beef will be redeemed by the company and you'll be out of that operation entirely in a fairly short time?

**Hon. Mr. Lingenfelter:** — We expect to do that in the shortest

possible period of time. I can't give you the details on when, but as to the expansion plans, these are not expansions that are going to start in a year or two. These expansion plans start immediately. And the same is true of Thomson Meats and the same is true of Drake Meats. Drake's is . . . (inaudible interjection) . . . Pardon? No, but your point is that how can there be expansion in the industry. My point is that there is expansion in the industry everywhere. It's not only at Intercon or Western Canadian, it's at Drake Meats, it's at Thomson Meats, it's at Harvest Meats. And so the . . . and it's mainly export driven. And the business plans for all of these companies are, I assume, solid and professionally done. And I'm not surprised at all that Intercon has this kind of an expansion plan.

**Mr. Swenson:** — Minister, our hats off to those people that can go out and find those markets and develop them and do those things without having to go to the taxpayer. What we're talking about here, though, is the amount of money that you're putting out on behalf of the taxpayer into this particular operation.

I'll leave that for now. I guess we'll just have to see how it unfolds, but I'll be very surprised six months from now if that the plant has acquired enough animals on the hoof to run a double shift. I'll be really surprised. I hope they can, but it will be really interesting.

Back to the CIBC; I've just got one question for you. Did the CIBC, by coming here with that call centre, were they offered the lead banking role for the province of Saskatchewan? Did they supersede the institution that was in place prior to that time?

**Hon. Mr. Lingenfelter:** — No, there was no discussion of that. And at the meetings that I attended . . . I wasn't involved closely in the negotiations, but I did attend with the board of CIBC in Toronto for one of the presentations. And it was all about who could deliver the technical services most ably, who had the trained workforce, who had the telco that could deliver the service, and as well who had the rates and the cost of delivery that was competitive.

And when all the bids came in — and I think all the provinces put in bids on this project; all were asked to submit, and all submitted — two provinces or two jurisdictions, because this is a split project between east and west, Saskatchewan and I believe Nova Scotia, Halifax, were the two cities . . . or Regina and Halifax were the two cities that were seen to be the most qualified. And it was based on a technical proposal as opposed to any other trading or bartering that you might suggest.

**Mr. Swenson:** — I want it very clear for the record. CIBC obtained no further banking services with the Government of Saskatchewan at all by bringing that call centre here.

**Hon. Mr. Lingenfelter:** — No. There was no discussion that I know of. And certainly there has been, at least at this point in time that I know of, no increase or change. In fact I think before the deal was completed, the tendering process for banking services for the province had been started, and obviously we

have dealt with the Royal Bank in the main for many number of years. And we feel that in terms of the ongoing operation of government, that should be tendered. And so that process, I believe, at the present time is ongoing.

**Mr. Swenson:** — I haven't had an opportunity, Minister, to go through your global answers and it's getting late in the day. I guess what I would like from you is the commitment that if there are questions arising out of those globals, if we submit them in writing, that you'd be prepared to answer those.

My colleague says that he has one or two that have come up out of that. For my part, Mr. Chairman, I'd like to thank the minister.

**Hon. Mr. Lingenfelter:** — I wouldn't mind commenting to the member, as he takes his place, that I appreciate his questions and there were a number of answers that I undertook to provide for the member.

And I just say to him that he is one of the members of the opposition who has taken on occasion the opportunity to set up meetings with staff of the department or of the Crowns. And I think this kind of a liaison with members of the opposition is excellent and also makes the job here in the Assembly much easier because you deal with an individual who has some experience on an ongoing basis with the department and with Saskatchewan Opportunities and SEDCO. So I thank him for that.

**Mr. D'Autremont:** — Thank you, Mr. Chairman. Mr. Minister, it's my understanding that the funds available through the Saskatchewan Growth Fund or through SOCO are available for manufacturing enterprises, perhaps small manufacturing enterprises in some cases. Is that one of their purposes and one of the issues in which you can invest the monies of either of those two programs?

**Hon. Mr. Lingenfelter:** — Yes, the member's right. I mean obviously it would depend on what was being manufactured, the business plan, and as I indicated at our last session, the marketing plan — whether or not there is a market for the product being manufactured. But manufacturing is one of the areas that would qualify.

**Mr. D'Autremont:** — Thank you, Mr. Minister. Down in Wawota, there is a gentleman there who is trying to get a program off the ground for heat pumps — Dennis Lamontagne, perhaps you're familiar with the name. And he has approached SEDCO now for a number of years. He had arrangements with WDO (western diversification office) to get some funding to provide support for his heat pump program that he's trying to develop. And as I'm informed about it, he had an agreement at one time with SEDCO to provide some funding along with WDO and some independent or some private financing.

When WDO and the private financing came through, for some reason SEDCO withdrew from the proposal and that has put, say, a kink in his financing arrangements. Would it be possible

that Saskatchewan Growth Fund or SOCO would be interested in this type of an enterprise?

**Hon. Mr. Lingenfelter:** — Yes, we'd be interested in talking to him. And maybe what I . . . rather than use up the committee's time, I would undertake to have you meet with the CEO (chief executive officer) of Sask Opportunities Corporation, and if you would act as a intermediary at least for the initial contact, we would be more than interested in looking at it.

**Mr. D'Autremont:** — Okay, thank you, Mr. Minister; we'll make those arrangements.

I wonder if we could go over some of the numbers out of the globals that you have presented to us. I believe that this year on your travel allowance you have \$875,000 for travel in the past year. I wonder if you could give us some indication what your particular personal travel was in out of that money, what you did with that. And why was there an increase of about \$275,000 over the previous year's travel allowance?

**Hon. Mr. Lingenfelter:** — I want to give to the member a list of the out-of-province travel. And maybe I can just go through this quickly.

**An Hon. Member:** — Send it to us; that will be fine.

(2230)

**Hon. Mr. Lingenfelter:** — Well it's all mixed together here, and what I want to do is take it and break it down so that it makes sense. And the total cost of travel — this includes in province, everything — the total is something just over 30,000. But what I want to do is take it and break it down into in province, out of province, and international.

I can tell you that the main international trips that we went on during the year you're referring to were to Europe in the summer of last year. And I believe the cost of that trip was something over \$2,000. But if the member will bear with me — if he's got some other questions — I'll break this down and give it to you in some detail. This is public at any rate.

**Mr. D'Autremont:** — Okay, thank you, Mr. Minister. If you can go through all those, and in your trips I wonder if you could include which staff members accompanied you and what were the purposes of those trips. You mention the trip to Europe. I'm sure that you did not go on this trip by yourself, so there would have been some of your officials that went with you — if you can identify who those were and what the purpose of the trips were.

One of the items that I notice in here under staffing are transfers to STA (Saskatchewan Tourism Authority). I wonder if you can indicate what STA stands for?

**Hon. Mr. Lingenfelter:** — This is the new Tourism Authority where we have moved a number of people and also a chunk of money from being totally government over to the new agency,

the new Authority, which is combination private sector-government. And so that's the term used.

**Mr. D'Autremont:** — Okay, thank you, Mr. Minister. It seemed like there was quite a number of people that were moving to STA, and I was wondering if that was a new spelling for Saskatoon or something. So I'm glad to know that they are going some place important. When a person is terminated . . . oh and that's not to indicate that Saskatoon isn't important.

Mr. Minister, when individuals are terminated either voluntarily or for whatever reasons, particularly in the cases of resignations, would they receive a severance at that particular time? Leona Gorr, who was the associate deputy minister, ended January 31, '95. Would this individual have received a severance or any of the other people — Frank Hart? — when they resigned?

**Hon. Mr. Lingenfelter:** — I'm not sure what list the hon. member from Souris-Cannington is reading from. But the two you mention . . . Frank Hart, who was my deputy minister, returned to the private sector. There was no severance paid there. And Leona Gorr has taken another position in government, and therefore no severance was paid there.

**Mr. D'Autremont:** — Were severances paid to any of the people who were terminated?

**Hon. Mr. Lingenfelter:** — Yes, if the member is referring to the general information, he will find that under the reason, if it refers to lay-off, then there would have been a severance. I think there's six, as we have downsized the department, where there would have been a severance.

**Mr. D'Autremont:** — Can you give us some indication as to the extent of those severances? What would have been paid to which employees? I notice here Wayne Probe who was the industry and commerce consultant, was laid off April 30 of '94, as an example.

**Hon. Mr. Lingenfelter:** — The policy of the government is severance is paid on a standard formula based on years of service and age of the individual. So these all would meet the criteria as it would apply to the general civil service. There's no extras, bonuses, or any variance from the formula. I don't have the exact formula. I will undertake to get that for the member, but these are standard lay-off agreements as per the public service formula that applies.

**Mr. D'Autremont:** — Thank you, Mr. Minister. I can understand length of service being a part of the formula, but I have some difficulty understanding where age would fit into that. I mean if you've worked for 20 years within the department, surely you're entitled to the same severance as another employee who has worked for 20 years, without regard to their particular age. So can you clarify the age structure on that, please?

**Hon. Mr. Lingenfelter:** — The reason is that if somebody has

five years and is 25-years-old, the courts have said that it is fundamentally different than if you're 50-years-old and have worked five years, because of the potential for re-employment.

But what I'll get for you is the actual formula because these are very, very standard severance packages. These are not the kind that you might hear of in the upper echelons of government where somebody sues for severance and there are exorbitant amounts of money paid. These are standard formula severance packages, and I will get you the exact formula and how it might apply.

**Mr. D'Autremont:** — Okay, thank you, Mr. Minister. Another couple of names, I wonder if you could indicate where they have gone to — Leanne Thera and Elaine Torrie. They have gone on to, it says, accepted positions at different agencies. I wonder if you can give some indication where they are at.

**Hon. Mr. Lingenfelter:** — Leanne Thera is at Liquor and Gaming and Elaine Torrie is at SaskEnergy.

**Mr. D'Autremont:** — Thank you, Mr. Minister. Another couple of names, Krystal Piche and Susan Pierce. They were new employees as of, I believe, in the case of Krystal Piche, April of '94; Susan Pierce, November of '94. And then they also show up in the terminations. I wonder if you can give some indication why they were in and out so quickly.

**Hon. Mr. Lingenfelter:** — For the member's information, Piche is presently employed in the department, and Pierce has gone to another job in government. And I don't have where she has gone to, but I'll get that for you.

**Mr. D'Autremont:** — Okay. Thank you, Mr. Minister. I see under advertising and communications that most, if not all, of your advertising is done with Cooper, Quine & Fraser. Was this tendered out, and why is the date all August 30 of '94? Was all of your advertising developed at the same time, that particular date?

**Hon. Mr. Lingenfelter:** — Yes, it was tendered. The only reason that date is used is that is the contract date, but they would be paid out on a regular basis for services rendered, but it was a tendered contract.

**Mr. D'Autremont:** — Thank you, Mr. Minister. You also have under advertising and communications some . . . annual report for 4,000; *Saskatchewan Economic News* for 2,500; and *Business Unlimited, Partnership in Progress* publications for 81,000. Who printed those particular items? There's no one listed here as having printed them.

**The Chair:** — Before the minister answers, can I appeal again for cooperation of members. The business before the committee is the consideration of estimates for the Department of Economic Development. If members want to ask questions, they need only be recognized by the Chair. If members do not have anything to contribute to the proceedings, I would ask them to either take their conversations outside the House or to

the back of the House but in any event not to interfere with the proceedings.

**Mr. D'Autremont:** — Mr. Minister, I'll repeat . . .

**An Hon. Member:** — I'll get them for you.

**Mr. D'Autremont:** — Okay. Mr. Minister, another question, dealing with polling this time. You did a poll in July of '94 with CanWest. Can you give some indication what that poll was about?

**Hon. Mr. Lingenfelter:** — We from time to time undertake to purchase questions on the omnibus poll which my friend and colleague, the deputy leader, releases from time to time. The two issues that we were asking about at that point in time were state of the economy and regional economic development authorities — those two issues.

(2245)

**Mr. D'Autremont:** — Thank you, Mr. Minister. On computers, I see you have quite a large purchase of computers, valued at approximately 173,000 or \$187,000. How many computers did you buy for that much money? And perhaps I should ask, did you buy them through SPMC?

**Hon. Mr. Lingenfelter:** — They were bought through SPMC, and our recollection is around 70.

**Mr. D'Autremont:** — Seventy computers, Mr. Minister, for — I believe you have about 187, 190 people in your department — approximately one new computer for every three people. Didn't you have computers in your offices before?

**Hon. Mr. Lingenfelter:** — This was our year for an upgrade of our computer systems, and as the member knows, you go through periods of times when you don't buy any computers, and then when you do an upgrade you have to buy a number. This was the year we had to buy 70, and they were in the midst of an upgrade in the department and it was seen as a necessary expenditure.

Item 1 agreed to.

Items 2 to 9 inclusive agreed to.

Vote 45 agreed to.

**General Revenue Fund  
Loans, Advances and Investments  
Economic Development  
Vote 167**

Item 1 agreed to.

Item 2 — authorized by law.

Vote 167 agreed to.

**Supplementary Estimates 1994-95  
General Revenue Fund  
Loans, Advances and Investments  
Saskatchewan Gaming Corporation  
Vote 158**

Item 1 — authorized by law.

**General Revenue Fund  
Saskatchewan Infrastructure Program  
Vote 68**

**Mr. Swenson:** — Thank you, Mr. Chairman. I'd just like to thank the minister and his officials for the Economic Development estimates. And see you some time.

**Hon. Mr. Lingenfelter:** — Mr. Chairman, I would just like to say to the members of the opposition again, I have thanked them already for their questions, but I will prepare for them the list of questions that they gave to us and try to get a quick response within the next couple of days. Hopefully even tomorrow.

**Item 1**

**Mr. D'Autremont:** — Thank you, Mr. Chairman. Mr. Minister, under your personnel report for the infrastructure program you have listed here for out-of-scope permanent employees no employees, and yet you've got \$26,000 listed in there as having been paid out. Can you give us some indication what that money was for? Mr. Minister, it deals with the out-of-scope permanent employees. You have no employees listed on the globals and yet you've paid them \$26,000.

**Hon. Mr. Tchorzewski:** — Mr. Chairman, I'd be pleased to respond to the member. The way the infrastructure program has worked is that the cost of administration has been paid half by the province and half by the federal government. The money referred to is the half-share that the province has had to pay. It was for Mr. Dickson Bailey who is no longer there because he has been seconded to the Department of Health to work on establishing the health board elections. But it's half of the total cost and at the provincial share.

**The Chair:** — I wonder if the Deputy Premier at the next opportunity could, for the record, introduce the officials who have joined us here for this part of the proceedings.

**Hon. Mr. Tchorzewski:** — Actually the way it was going, I was going to do that at the end. But you're right, Mr. Chairman, and I should do that. To my right is the director of the infrastructure program presently, Russell Krywulak, and immediately behind him is the director of administration in the Department of Provincial Secretary, Cathy Dermody.

**Mr. D'Autremont:** — I'd like to welcome the new minister and his officials here this evening. Mr. Minister, I wonder if you can give us an indication as to the travel for this department, \$3,750. Where you went or who went, and what was the

purposes of the trip?

**Hon. Mr. Tchorzewski:** — Okay, Mr. Chairman, this may take a little time. The travel was for Mr. Bailey and Mr. Krywulak who took the position of Mr. Bailey when he left. And they were predominantly to do with management meetings, because they're a management committee between the federal government and the provincial government jointly, as well as with the municipalities. And the travel of Mr. Bailey was to Balgonie on April 25, infrastructure announcement; Cumberland House, infrastructure announcement. Do you want to know all the details?

We'll arrange to get you this information. You have the total number and that's there. But they simply are for infrastructure announcements and for meetings of the management committee which didn't always take place in Regina.

**Mr. D'Autremont:** — Thank you, Mr. Minister. If you'll provide the information that'll be fine. I wonder if you could also, when you're providing that list, provide a list of all the infrastructure programs in which you're involved in all the difference projects.

And I have one last question dealing with personnel. One of your employees was reclassified and received a raise of \$2,080 in a year. Why was that person reclassified, and why were they not hired at that rate if they deserve that particular rate since your operation has been in place for less than a year?

**Hon. Mr. Tchorzewski:** — The reason for the increase was because of a reclassification, because Mr. Krywulak, who took the place of Mr. Bailey, took on the higher position with added responsibilities. And it was within the normal reclassification process that is prescribed by the Public Service Commission.

Item 1 agreed to.

Vote 68 agreed to.

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

**The Chair:** — This is authorized by law. Are there any questions? No questions.

**Supplementary Estimates 1994-95  
General Revenue Fund  
Loans, Advances and Investments  
Saskatchewan Telecommunications  
Vote 153**

Item 1 — authorized by law.

The committee reported progress.

The Assembly adjourned at 11:02 p.m.